CENTRAL STATISTICAL OFFICE

Economic Trends

ARTICLES

UK balance of payments in the first quarter of 1974

The 'effective' exchange rate for sterling

No 248
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Release dates of economic statistics to be published in July 1974

This list is published by the Government Statistical Service as a guide to the dates of publication of major economic series in July. The dates are those which departments, or other organisations concerned, are aiming at, and would normally expect to meet. Exceptionally, there may be a delay resulting from unavoidable statistical problems of collection and compilation. Further enquiries about individual series should be addressed to the source named.

July 1974	*Series*	*Method of release*	*Source*
Mon 1	Hire purchase and other instalment credit business (May)	PN	D of Industry
	Retail trade (May-final)	PN	D of Industry
Tues 2	UK official reserves (June)	PN	Treasury
	Capital issues and redemptions (June)	PN	Bank of England
Thurs 4	Housing starts and completions (May-provisional)	PN	D of Environment
	House improvement grants approved (May-provisional)	PN	D of Environment
Fri 5	Consolidated Fund and National Loans Fund (June)	LG	Treasury
	Personal income, expenditure and savings (1st qtr) and gross domestic product (1st qtr-revised)	PN	CSO
Mon 8	Turnover of the catering trades (May)	PN	D of Industry
	Wholesale prices index numbers (June)	PN	D of Industry
Tues 9	Provisional figures of vehicle production and estimates of new car registrations (June-provisional)	PN	D of Industry
Wed 10	London clearing banks' monthly statement (mid-June)	PN	Ctte. LCB
	UK banks' eligible liabilities, reserve assets and reserve ratios (mid-June)	PN	Bank of England
	Import and export unit value and volume indices and terms of trade (April)	PN	D of Trade
Thurs 11	Capital expenditure by the manufacturing, distributive and service industries (1st qtr-revised)	T and I	D of Industry
	Manufacturers' and distributors' stocks (1st qtr-revised)	T and I	D of Industry
	Balance of payments current account and overseas trade figures (June)	PN	D of Trade/CSO
Fri 12	Crude steel production (June)	PN	BSC/BISPA
	Building societies' receipts and loans (June)	PN	Building Societies Assn.
Mon 15	Index of industrial production (May)	PN	CSO
	Retail trade (June-provisional)	PN	D of Industry
Wed 17	Appropriation account of companies (1st qtr)	PN	CSO
	Net acquisition of financial assets–analysis by sector (1st qtr)	PN	CSO
	Financial accounts of industrial and commercial company and personal sectors (1st qtr)	PN	CSO
	Basic rates of wages and normal weekly hours (end-June)	PN	D of Employment
	Monthly index of average earnings (May)	PN	D of Employment
Thurs 18	Sales and orders in the engineering industry (March)	T and I	D of Industry
	Consumers' expenditure (2nd qtr-1st preliminary estimate)	PN	CSO
	Unemployment (July-provisional)	PN	D of Employment
	Unfilled vacancies (July-provisional)	PN	D of Employment
Fri 19	Retail prices index (June)	PN	D of Employment
Sun 21	National savings monthly progress report (June)	PN	National Savings Ctte.
Mon 22	UK banks' assets and liabilities and the money stock (mid-June)	PN	Bank of England
	New vehicle registrations (June)	PN	D of Environment
Thurs 25	Energy trends	T and I	D of Energy
	Unemployment (June-final)	Gazette	D of Employment
	Employment in production industries (May)	Gazette	D of Employment
	Overtime and short-time working in manufacturing industries (May)	Gazette	D of Employment
	Stoppages of work due to industrial disputes (June)	Gazette	D of Employment
	Car and commercial vehicle production (June-final)	PN	D of Industry
	Import and export unit value and volume indices and terms of trade (May)	PN	D of Trade
Tues 30	Construction – new orders (May)	PN	D of Environment
Wed 31	Central government borrowing requirement (June)	FS	CSO/Treasury
	Bricks and cement production (June)	PN	D of Environment

PN=*Press Notice* LG=*London Gazette* T and I=*Trade and Industry* FS=*Financial Statistics*

CENTRAL STATISTICAL OFFICE

Economic Trends

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INTRODUCTION

Economic Trends is prepared monthly by the Central Statistical Office in collaboration with the statistics divisions of Government Departments. It provides charts and tables illustrating trends in the United Kingdom economy. In addition, there are articles which comment on and analyse economic statistics, introduce new series or describe methods used in compiling official statistics. This issue contains information available to the Central Statistical Office on or before 17 June 1974.

CONTENTS

		page
United Kingdom balance of payments in the first quarter of 1974 ..	Central Statistical Office	iv
The 'effective' exchange rate for sterling	HM Treasury	xxix
Charts and tables		1
Release dates of economic statistics		*inside front cover*

ECONOMIC SITUATION ARTICLE

HM Treasury are now producing their economic situation article later in the month and consequently it is no longer possible to incorporate it in *Economic Trends.* It will continue to be available free from the Treasury Information Division in their monthly Economic Progress Report ; and it will also continue to appear in *Trade and Industry.*

United Kingdom balance of payments in the first quarter of 1974

Summary

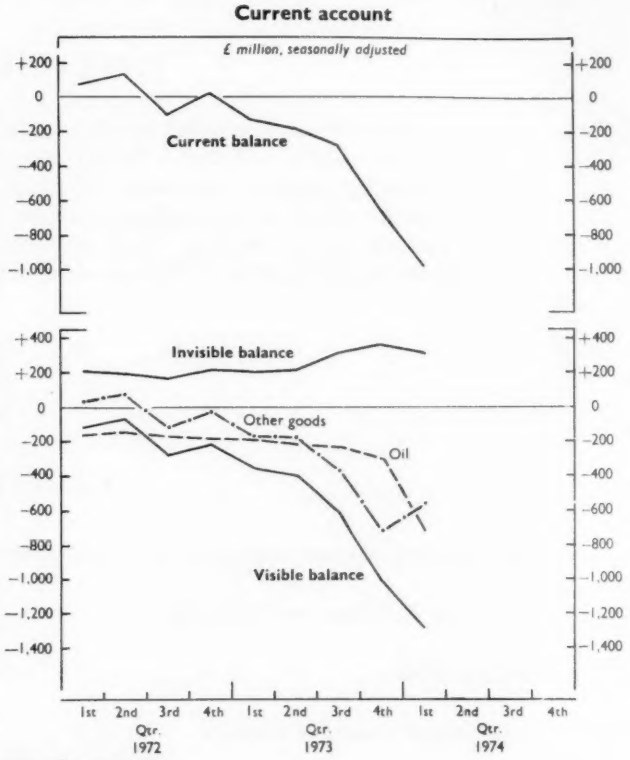
Current balance (seasonally adjusted)

The current account is estimated to have been in deficit by about £980 million in the first quarter: short-time working may have had some effect but this cannot be quantified. The deficit on visible trade, at some £1,290 million, widened by about £270 million compared with the fourth quarter of 1973. This deterioration was more than accounted for by an increase of £420 million in the deficit on trade in oil. The deficit on non-oil trade was reduced by some £150 million.

The surplus on invisibles, estimated at nearly £310 million, was some £40 million higher than the average quarterly level in 1973 but was below the very high level of the preceding quarter, now revised upwards to almost £360 million. There were deteriorations in the balances on government and transport transactions which were only partly offset by improvements in the balances on travel, other services and interest, profits and dividends.

Investment and other capital flows (not seasonally adjusted)

Identified investment and other capital transactions in the quarter resulted in a net inflow of around £690 million, continuing the large inflow of the preceding quarter. Overseas investment in the United Kingdom private sector, at nearly £590 million, showed a substantial rise, owing to exceptional factors affecting oil



Summary balance of payments

TABLE A — £ million

	1971	1972	1973	1973				1974
				1st qtr.	2nd qtr.	3rd qtr.	4th qtr.	1st qtr.
Current account				Seasonally adjusted				
Visible trade: Oil (1)	— 648	— 658	— 944	—185	— 223	—236	—300	—720
Other goods	+ 933	— 19	—1,431	—166	— 176	—370	—719	—568
Invisibles	+ 788	+ 791	+1,089	+205	+ 211	+315	+358	+309
CURRENT BALANCE	+1,073	+ 114	—1,286	—146	— 188	—291	—661	—979
Currency flow and official financing				Not seasonally adjusted				
Current balance	+1,073	+ 114	—1,286	—368	— 186	—243	—489	—1,089
Capital transfers (2)	—	—	— 59	— 38	— 19	— 1	— 1	—
Investment and other capital flows	+1,850	— 775	+ 978	+ 71	+ 664	—283	+526	+689
Balancing item	+ 305	— 604	+ 577	+404	— 82	+269	— 14	+361
TOTAL CURRENCY FLOW	+3,228	—1,265	+ 210	+ 69	+ 377	—258	+ 22	— 39
Allocation of Special Drawing Rights (+)	+ 125	+ 124	—	—	—	—	—	—
Total	+3,353	—1,141	+ 210	+ 69	+ 377	—258	+ 22	— 39
Financed as follows:								
Net transactions with overseas monetary authorities (3)	—1,817	+ 449	—	—	—	—	—	—
Official reserves (drawings on, + / additions to, −) (3) (4)	—1,536	+ 692	— 210	— 69	— 377	+258	— 22	+ 39

(1) Petroleum and petroleum products.
(2) Payments under the Sterling Agreements of 1968, as renewed in 1971.
(3) From July 1972 transactions with the IMF affecting the United Kingdom reserve position in the Fund are included as changes in the official reserves.
(4) From 23 August 1971, valued in sterling at the rates of exchange at which transactions occurred.

company funds; inward direct investment, however, was at a lower level. The outflow of United Kingdom private investment overseas when taken net of disinvestment was, at some £240 million, appreciably less than the average in 1973; this partly reflected substantial portfolio disinvestment and some disinvestment by oil companies. Nearly £210 million of gross outward investment was financed by profits re-invested overseas and the remainder was largely met by borrowing in overseas currencies through United Kingdom banks. United Kingdom public corporations and local authorities borrowed nearly £280 million in overseas currencies through United Kingdom banks and a further £63 million directly from abroad. Overseas official sterling reserves increased by £250 million.

Total currency flow and official financing (not seasonally adjusted)

There was a net currency outflow in the first quarter of £39 million. The deficit on current account of some £1,090 million before seasonal adjustment was partly offset by identified investment and other capital inflows of some £690 million leaving a positive balancing item, representing errors and omissions including unidentified inflows, of about £360 million. The net currency outflow was financed by drawing on the official reserves.

Detail

First quarter 1974

Visible trade (seasonally adjusted)

In the first quarter of 1974 the deficit on visible trade was £1,288 million compared with £1,019 million in the fourth quarter of 1973. The deficit on trade in oil (that is petroleum and petroleum products), which accounted for more than half the total deficit, worsened to £720 million from £300 million in the preceding quarter. This deterioration was entirely due to the substantial increase in crude oil prices from £10·8 per ton to £24·1 per ton f.o.b. There was an improvement in the balance of non-oil trade between the two quarters from £719 million to £568 million. Information on volume and price changes for the quarter is not yet available.

The value of exports in the first quarter was some 11 per cent higher than in the preceding quarter. The area analysis of fourth to first quarter changes in exports (measured on an *Overseas Trade Statistics* basis), shows increases to all the main areas including 7 per cent to Western Europe (with a 7 per cent increase to EEC), 5 per cent to North America, 11 per cent to the sterling area outside Europe, and 13 per cent to the rest of the world. Exports of manufactured goods rose by 7 per cent, including rises of 25 per cent for chemicals and 6 per cent for finished manufactures which were partly offset by falls of 2 per cent for road motor vehicles and 17 per cent for other transport equipment. Exports of non-manufactured goods rose by 16 per cent.

The value of total imports in the quarter was 15 per cent higher than in the fourth quarter of last year though imports of goods other than oil increased by only 5 per cent. Oil imports increased from £416 million to £853 million, a rise of 105 per cent, due entirely to increased prices, there being a slight reduction in the volume of these imports.

Among the major commodity groups imports of industrial materials rose by 12 per cent compared with

Current account

TABLE B — £ million

	1971	1972	1973	1973				1974
				1st qtr.	2nd qtr.	3rd qtr.	4th qtr.	1st qtr.
				Seasonally adjusted				
Visible trade								
Exports (f.o.b.): Oil(1)	212	219	340	57	60	107	116	133
Other goods	8,584	8,915	11,095	2,576	2,734	2,877	2,908	3,237
Imports (f.o.b.): Oil(1)	— 860	— 877	— 1,284	— 242	— 283	— 343	— 416	— 853
Other goods	—7,651	—8,934	—12,526	—2,742	—2,910	—3,247	—3,627	—3,805
Visible balance	+ 285	— 677	— 2,375	— 351	— 399	— 606	—1,019	—1,288
Invisibles (2)								
Government services and transfers (net)	— 526	— 561	— 785	— 188	— 216	— 192	— 189	— 218
Private(3) services and transfers (net)	+ 790	+ 817	+ 863	+ 201	+ 197	+ 226	+ 239	+ 196
Interest, profits and dividends (net):								
Public sector	— 199	— 147	— 222	— 56	— 57	— 49	— 60	— 89
Private sector	+ 723	+ 682	+ 1,233	+ 248	+ 287	+ 330	+ 368	+ 420
Invisible balance	+ 788	+ 791	+ 1,089	+ 205	+ 211	+ 315	+ 358	+ 309
Current balance	+1,073	+ 114	— 1,286	— 146	— 188	— 291	— 661	— 979
Net seasonal influences on current account	—	—	—	— 222	+ 2	+ 48	+ 172	— 110
				Not seasonally adjusted				
Current balance	+1,073	+ 114	— 1,286	— 368	— 186	— 243	— 489	—1,089

(1) Petroleum and petroleum products.
(2) Credits and debits are shown separately in Table D.
(3) Including public corporations.

the preceding quarter with chemicals increasing by 25 per cent, other semi-manufactures by 10 per cent, and basic materials by 10 per cent. Finished manufactures fell by 1 per cent with substantially lower imports of road motor vehicles and other transport equipment.

Invisibles (seasonally adjusted)

The surplus on invisible transactions in the first quarter is estimated at nearly £310 million, compared with a surplus in the previous quarter now put at about £360 million. The surplus on invisibles is now estimated to have averaged about £270 million a quarter during 1973 mainly because the estimates of the earnings from United Kingdom direct investment overseas have been revised upwards for recent years in the light of more up-to-date information. Compared with the preceding quarter there was a deterioration of some £75 million in the balance on transport operations and of nearly £30 million in the deficit on government transactions. This more than offset increases totalling almost £35 million in the net earnings from travel and other services and of nearly £25 million from interest, profits and dividends.

The higher deficit on government transactions arose from increased expenditure on most categories of services and on transfers together with small reductions in credits.

In private services the greatest change occurred in sea transport where there was a swing from a surplus of £8 million to a deficit of £62 million. The overseas

Analysis of total currency flow and official financing

Not seasonally adjusted

TABLE C

£ million

	1971	1972	1973	1973				1974
				1st qtr.	2nd qtr.	3rd qtr.	4th qtr.	1st qtr.
Current balance	+1,073	+ 114	—1,286	—368	— 186	—243	—489	—1,089
Capital transfers(1)	—	—	— 59	— 38	— 19	— 1	— 1	—
Investment and other capital flows								
Official long-term capital	— 273	— 256	— 253	— 55	— 31	— 26	—141	— 52
Overseas investment in UK public sector	+ 179	+ 113	+ 311	+ 44	+ 68	+ 37	+162	+ 46
Overseas investment in UK private sector	+1,025	+ 750	+1,365	+320	+ 378	+263	+404	+588
UK private investment overseas	— 905	—1,489	—1,469	—390	— 250	—332	—497	—238
Overseas currency borrowing or lending (net) by UK banks:								
Borrowing to finance UK investment overseas	+ 280	+ 725	+ 515	+175	+ 65	+ 70	+205	+185
Borrowing to finance lending to UK public sector(2)	..	..	+ 831	+ 39	+ 234	+347	+211	+276
Other borrowing or lending (net)(3)	+ 219	— 254	— 129	—191	+ 47	— 57	+ 72	—151
Exchange reserves in sterling(4):								
British government stocks	+ 55	+ 65	+ 74	+ 18	+ 92	— 38	+ 2	+ 91
Banking and money market liabilities	+ 658	+ 222	+ 77	+183	— 3	—307	+204	+159
Other external banking and money market liabilities in sterling	+ 709	— 91	— 36	— 37	+ 79	— 75	— 3	— 51
Import credit(5)	+ 77	+ 187	+ 156	+ 22	+ 38	+ 23	+ 73	+ 2
Export credit(5)	— 172	— 296	— 205	—108	— 9	— 34	— 54	— 89
Other short-term flows	— 2	— 451	— 259	+ 51	— 44	—154	—112	— 77
Total investment and other capital flows	+1,850	— 775	+ 978	+ 71	+ 664	—283	+526	+689
Balancing item	+ 305	— 604	+ 577	+404	— 82	+269	— 14	+361
Total currency flow	+3,228	—1,265	+ 210	+ 69	+ 377	—258	+ 22	— 39
Allocation of Special Drawing Rights	+ 125	+ 124	—	—	—	—	—	—
Total	+3,353	—1,141	+ 210	+ 69	+ 377	—258	+ 22	— 39
Official financing								
Net transactions with overseas monetary authorities								
IMF(6)	— 554	— 415	—	—	—	—	—	—
Other monetary authorities	—1,263	+ 864	—	—	—	—	—	—
Drawings on (+)/additions to (−) official reserves(6)(7)	—1,536	+ 692	— 210	— 69	— 377	+258	— 22	+ 39
Total official financing	—3,353	+1,141	— 210	— 69	— 377	+258	— 22	+ 39

(1) Payments under the Sterling Agreements of 1968, as renewed in 1971.
(2) Prior to 1973 borrowing of this type was not separately distinguished but was probably small.
(3) Excluding changes in levels resulting from changes in sterling valuation; see note on page 75 of *UK Balance of Payments 1973*.
(4) Sterling reserves of overseas countries and international organisations, other than the IMF, as reported by banks, etc. in the UK.
(5) Excluding trade credit between related firms; after deducting advance and progress payments to suppliers.
(6) From July 1972, transactions with the IMF affecting the United Kingdom reserve position in the Fund are included as changes in official reserves.
(7) From 23 August 1971, valued in sterling at transactions rates of exchange.

expenditure of oil tankers had been immediately affected by the increased fuel costs in January, and their bunkering costs in the Gulf ports more than doubled in the quarter. The increases in fuel costs at other ports, where bunker fuel is usually obtained at contract rates, probably did not take effect until part way through the quarter. Tanker charter rates were somewhat lower than in the previous quarter: this, coupled with a reduction in tanker activity, led to a reduction in their freight credits. With dry cargo shipping, on the other hand, increases in bunker costs were met by a surcharge on liner rates, with the effect that credits and debits increased by almost equal amounts and the balance on these operations continued to record a small surplus. Civil aviation credits and debits rose sharply mainly because of increased fuel costs but the net credit on this account was rather lower than in the preceding quarter. While travel credits are estimated to have been little changed, debits are estimated to have eased back considerably in the first quarter, effecting an improvement in the balance on travel. Total credits and debits on other services continued to rise but the balance improved by £25 million.

The surplus on interest, profits and dividends, at £331 million was £23 million higher than that in the fourth quarter of 1973, now put at £308 million, and some £80 million above the average quarterly surplus during 1973 (see note on revisions, page ix). United Kingdom companies' earnings on their direct investment overseas fell back from the historically very high level in the fourth quarter (which had reflected realised stock appreciation in line with the increase in commodity prices). However, overseas companies' earnings from their direct investment in the United Kingdom also fell, probably reflecting the effect of short-time working. Both the credits from the earnings of United Kingdom oil companies on their overseas operations and the debits arising from the earnings of overseas companies on their United Kingdom business rose sharply, having benefitted from exceptional stock appreciation profits over the turn of the year. The growing impact of interest paid on public sector borrowing from abroad reduced the overall increase in the net surplus.

The credits and debits in respect of private transfers were at much the same level as in the preceding quarter.

Investment and other capital flows (not seasonally adjusted)

The total of identified investment and other capital flows in the first quarter showed a further net inflow of some £690 million, following the inflow in the fourth quarter of last year, now put at around £525 million.

The net outflow of *official long-term capital* amounted to £52 million. Net aid lending, at £68 million, was relatively high and included increased United Kingdom government loans to India but this increase was partly offset by the repayment by Alcan Aluminium Ltd. of a Canadian $40 million loan, made by the United Kingdom government in the mid-1950s.

Invisibles
Seasonally adjusted

TABLE D

£ million

	1971	1972	1973	1973				1974
				1st qtr.	2nd qtr.	3rd qtr.	4th qtr.	1st qtr.
Credits								
Services								
Government	59	75	67	16	18	16	17	14
Private(1)	3,783	4,075	4,929	1,117	1,190	1,268	1,354	1,449
Interest, profits and dividends								
Public sector	100	167	155	34	34	46	41	26
Private sector	1,394	1,541	2,309	511	544	582	672	744
Transfers								
Government	—	—	76	3	11	30	32	28
Private	202	211	222	55	55	56	56	55
Total	5,538	6,069	7,758	1,736	1,852	1,998	2,172	2,316
Debits								
Services								
Government	385	434	520	120	123	136	141	144
Private(1)	2,963	3,183	3,955	892	965	1,017	1,081	1,218
Interest, profits and dividends								
Public sector	299	314	377	90	91	95	101	115
Private sector	671	859	1,076	263	257	252	304	324
Transfers								
Government	200	202	408	87	122	102	97	116
Private	232	286	333	79	83	81	90	90
Total	4,750	5,278	6,669	1,531	1,641	1,683	1,814	2,007
Invisible balance	+788	+791	+1,089	+205	+211	+315	+358	+309

(1) Including public corporations.

£ million

	1973				1974
	1st qtr.	2nd qtr.	3rd qtr.	4th qtr.	1st qtr.
Aid lending (net) ..	−44	− 7	−10	− 12	−68
IDA subscription ..	—	—	—	− 52	—
North American loan repayments	—	− 3	—	− 48	—
Export-Import Bank credit repayments ..	—	−19	—	− 19	—
Contributions to European Communities' institutions	−12	—	−11	− 8	—
Other	+ 1	− 2	− 5	− 2	+16
Total	−55	−31	−26	−141	−52

Overseas investment in the United Kingdom public sector amounted to £46 million, appreciably lower than the very high level in the preceding quarter. Net issues and other borrowing from banks, etc. abroad by local authorities under the exchange cover scheme resulted in an inflow of £32 million and there was also other borrowing of £31 million net, of which £33 million was taken by the British Steel Corporation. There was net disinvestment of £24 million in British government stocks.

Overseas investment in the United Kingdom private sector was at the high level of about £590 million mainly because of a substantial increase in oil company funds which were held in the United Kingdom in respect of payments falling due to oil suppliers and governments after the close of the quarter. Inward direct investment was appreciably lower than in the fourth quarter of 1973, reflecting a large reduction in investment financed by unremitted profits; net acquisitions of new holdings in United Kingdom companies by foreign companies though historically quite high was also somewhat lower than in the preceding quarter.

United Kingdom private investment overseas, estimated at around £240 million, was some £260 million below the high level of the previous quarter. Direct investment overseas was rather lower than in the fourth quarter, reflecting a reduction in re-invested profits. Net United Kingdom acquisitions of foreign affiliates' share and loan capital increased in total. There was substantial disinvestment in United Kingdom portfolio holdings of overseas sterling countries' securities. Oil and other outward transactions resulted in a small net disinvestment of some £4 million, following an outflow of £113 million in the preceding quarter.

Overseas currency borrowing or lending (net) by United Kingdom banks gave rise to an inflow which, although lower than the exceptional level of the preceding quarter, was again high at £310 million. Within this total, net borrowing to finance United Kingdom investment overseas, at £185 million, was only slightly less than the very high level in the fourth quarter of 1973. Borrowing in overseas currencies by the United Kingdom public sector amounted to £276 million, mainly by the Electricity Council and the Greater London Council, arranged under the exchange cover scheme. Other borrowing or lending (net) resulted in an outflow of £151 million.

Exchange reserves in sterling increased by £250 million in the quarter, reflecting large receipts of oil revenues by some producing countries. Official overseas holdings of British government stocks rose by some £90 million and banking and money market liabilities increased by nearly £160 million. At the end of March exchange reserves in sterling held by central monetary institutions of overseas sterling countries, excluding the Irish

Inward and outward investment(1)—UK private sector

Not seasonally adjusted

TABLE E

£ million

	1971	1972	1973	1973				1974
				1st qtr.	2nd qtr.	3rd qtr.	4th qtr.	1st qtr.
Overseas investment in UK private sector								
Direct								
Unremitted profits(2)	+ 182	+ 284	+ 312	+ 30	+ 94	+ 79	+109	+ 50
Other	+ 263	+ 79	+ 260	+ 31	+128	− 26	+127	+104
Investment in UK company securities	+ 188	+ 155	+ 229	+116	+ 50	+ 41	+ 22	+ 13
Oil and miscellaneous	+ 392	+ 232	+ 564	+143	+106	+169	+146	+421
Total	+1,025	+ 750	+1,365	+320	+378	+263	+404	+588
UK private investment overseas								
Direct								
Unremitted profits(2)	− 329	− 467	− 855	−165	−185	−236	−269	−208
Other	− 346	− 264	− 490	− 84	− 68	−215	−123	−135
Portfolio	− 77	− 686	+ 10	− 53	+ 20	+ 35	+ 8	+101
Oil and miscellaneous	− 153	− 72	− 134	− 88	− 17	+ 84	−113	+ 4
Total	− 905	−1,489	−1,469	−390	−250	−332	−497	−238

(1) Net of disinvestment. Assets: increase −/decrease +. Liabilities: increase +/decrease −.
(2) Excluding unremitted profits of branches.

Republic, amounted to £2,990 million.* There was an outflow of about £50 million in *other external banking and money market liabilities in sterling* following little net change in the preceding quarter.

Preliminary estimates, which may be subject to substantial revision, of trade credit extended between 'unrelated' concerns, indicate that there was a very small increase of £2 million in net *import credit* received for the quarter, after allowing for advance and progress payments, compared with an increase of £73 million in the fourth quarter of 1973. There was a net repayment of import credit for ships and aircraft and a small increase only in other credit received. Net *export credit* extended is estimated to have risen by £89 million in the quarter.

Other short-term flows are provisionally estimated to have resulted in a net outflow of some £80 million following an outflow now put at about £110 million in the preceding quarter. The outflow in the latest quarter was attributable approximately equally to overseas borrowing of sterling from United Kingdom banks and to miscellaneous short-term commercial transactions.

The *balancing item*, representing errors and omissions including unidentified flows, was positive at £361 million. A sizeable positive balancing item is usual in the first quarter of the year, when funds are required in the United Kingdom for the payment of taxes. This year the unidentified inflow may have been increased by fears of liquidity shortages arising from the three-day week and the relative attractiveness of United Kingdom interest rates.

Official reserves

After public sector borrowing of £306 million in overseas currencies under the exchange cover scheme there was a net currency outflow in the quarter of £39 million; this was met by drawing on the official reserves.

Exchange rates

The mean effective depreciation of sterling since the Smithsonian Agreement in December 1971, taking into account movements in the exchange rates of major currencies and their importance in United Kingdom trade, was slightly less over the quarter averaging 17½ per cent, compared with 18½ per cent in the fourth quarter of 1973. The average of the daily closing middle market exchange rates between sterling and the United States dollar in the quarter was £1 = $2·2799 compared with £1 = $2·3822 in the preceding quarter. This fall was largely due to the relative strengthening of the dollar against other major currencies.

*The Sterling Agreements of 1968, as renewed in 1971, expired on 24 September 1973 but certain official sterling reserves continue to be guaranteed until end-December 1974. The amount eligible for guarantee will not be known until after December 1974.

Revisions

There have been several revisions to previously published estimates in the light of additional information becoming available, particularly in respect of overseas direct investment and earnings (see the note on revisions in the article in *Trade and Industry* 13 June 1974). For 1970 and 1971 minor upward revisions have been made to earlier estimates of interest, profits and dividends in the invisibles account and to inward and outward private sector investment. For 1972 the changes have been more substantial, with upward revisions to the earnings on outward and inward private sector direct investment of £101 million and £44 million respectively, following the receipt of later information by the Department of Industry. The effect of this, together with other small revisions, is to increase the surplus on invisibles in 1972 from £746 million to £791 million. The estimates of overseas investment in the United Kingdom private sector and United Kingdom private investment overseas have been revised upwards by £21 million and £39 million respectively. The net effect for 1972 is to increase the balancing item from —£577 million to —£604 million.

There have also been substantial revisions to previous estimates for 1973 for some items. In consequence of later information available to the Department of Industry the provisional estimate of income from direct investment overseas in 1973 has been revised upwards from £1,210 million to £1,420 million; additionally there has been an upward revision of £50 million to interest, profits and dividends credits as a result of later information on the overseas earnings of United Kingdom oil companies. There has also been an upward revision to income arising from direct investment in the United Kingdom and a number of smaller revisions to other components of the invisibles account in the light of further information. The net effect is to increase the surplus on invisibles for 1973 from £907 million to £1,089 million and therefore to reduce the current account deficit by £182 million from £1,468 million to £1,286 million, the changes mainly affecting the third and fourth quarters of the year. Later information has also given rise to a large upward revision, from £1,139 million to £1,345 million, to the earlier estimate of private outward direct investment in 1973, mainly in respect of unremitted profits. Other revisions to identified investment and other capital flows include upward revisions of £50 million to export credit extended and £46 million to miscellaneous short-term commercial outflows. As a consequence of the various revisions the total identified net inflow of investment and other capital is reduced from £1,264 million to £978 million and the positive balancing item increased from £473 million to £577 million.

Central Statistical Office

APPENDIX CONTENTS

	Annual figures from	Quarterly figures from	Table
GENERAL BALANCE OF PAYMENTS			
Summary	—	1963	1
Current account	1968	1971	2
Investment and other capital flows	1968	1971	3
Analysis of total currency flow and official financing	1968	1971	4
Summary balance of payments	1963	—	5
VISIBLE TRADE			
Visible trade in the balance of payments	1968	1968	6
INVISIBLES			
Government services and transfers	1968	1971	7
Interest, profits and dividends	1968	1971	8
INVESTMENT AND OTHER CAPITAL FLOWS			
Official long-term capital	1968	1971	9
Overseas investment in UK public sector	1968	1971	10
Inward and outward investment—UK private sector	1968	1971	11
Import and export credit	1968	1971	12
Other short-term flows	1968	1971	13
OFFICIAL FINANCING			
Official financing	1968	1971	14
International Monetary Fund	1968	1971	15
ASSETS AND LIABILITIES			
Official long-term borrowing	1968	1971	16
Official long-term lending	1968	1971	17
External liabilities and claims of UK banks in overseas currencies	1968	1971	18
Exchange reserves in sterling; and banking and money market liabilities in sterling to holders other than central monetary institutions	1968	1971	19
Official reserves	1968	1971	20
Official short and medium-term borrowing	1968	1971	21

NOTE : Publication of estimates of UK balance of payments with overseas sterling countries and the rest of the world, which last appeared as Tables 5 and 6 in the March 1974 issue of *Economic Trends*, has been discontinued.

APPENDIX

United Kingdom balance of payments

Summary

TABLE 1 — £ million

	Seasonally adjusted			Not seasonally adjusted								
	Current account			Currency flow and official financing							Financed as follows	
	Visible trade	Invisibles	Current balance	Current balance	Capital transfers	Investment and other capital flows	Balancing item	Total currency flow	Allocation of SDR and gold subscription to IMF	Total (1)	Net transactions with overseas monetary authorities (2)	Official reserves (2) (3)
1963 1st quarter ..	+ 4	+ 50	+ 54	+ 91	—	—176	— 1	— 86	—	— 86	+ 89	— 3
2nd quarter ..	— 8	+ 43	+ 35	+ 62	—	+ 64	— 76	+ 50	—	+ 50	— 86	+ 36
3rd quarter ..	— 24	+ 50	+ 26	— 28	—	+ 2	+ 32	+ 6	—	+ 6	+ 2	— 8
4th quarter ..	— 52	+ 61	+ 9	— 1	—	+ 11	— 38	— 28	—	— 28	—	+ 28
1964 1st quarter ..	—132	+ 50	— 82	— 51	—	+ 7	+ 45	+ 1	—	+ 1	—	— 1
2nd quarter ..	— 93	+ 29	— 64	— 65	—	+ 72	+ 5	+ 12	—	+ 12	+ 4	— 16
3rd quarter ..	—143	+ 31	—112	—180	—	+ 70	— 16	—126	—	—126	+ 67	+ 59
4th quarter ..	—151	+ 27	—124	— 86	—	—450	— 46	—582	—	—582	+502	+ 80
1965 1st quarter ..	— 40	+ 40	—	— 22	—	—133	— 11	—166	—	—166	+171	— 5
2nd quarter ..	— 84	+ 41	— 43	— 2	—	—212	+ 48	—166	—	—166	+331	—165
3rd quarter ..	— 64	+ 50	— 14	— 75	—	— 77	— 44	—196	—	—196	+183	+ 13
4th quarter ..	— 49	+ 57	+ 8	+ 50	—	+ 96	+ 29	+175	—	+175	— 86	— 89
1966 1st quarter ..	— 72	+ 29	— 43	— 15	—	+ 44	+ 19	+ 48	—44	+ 4	+199(4)	—203
2nd quarter ..	— 70	+ 41	— 29	— 31	—	—106	— 26	—163	—	—163	+ 57	+106
3rd quarter ..	— 43	+ 32	— 11	— 79	—	—456	+ 47	—488	—	—488	+447	+ 41
4th quarter ..	+112	+ 55	+167	+209	—	— 60	— 93	+ 56	—	+ 56	— 78	+ 22
1967 1st quarter ..	— 40	+ 59	+ 19	+ 8	—	+347	+154	+509	—	+509	—452	— 57
2nd quarter ..	— 91	+ 20	— 71	— 49	—	— 80	+117	— 12	—	— 12	—140	+152
3rd quarter ..	— 96	+ 65	— 31	— 55	—	—363	— 88	—506	—	—506	+470	+ 36
4th quarter ..	—330	+ 97	—233	—220	—	—504(5)	+ 62	—662	—	—662	+678(4)	— 16
1968 1st quarter ..	—167	+ 75	— 92	—143	—	—264(5)	—112	—519	—	—519	+530	— 11
2nd quarter ..	—216	+114	—102	— 59	—	—453(5)	— 9	—521	—	—521	+505	+ 16
3rd quarter ..	—153	+116	— 37	— 61	—	+ 39(5)	— 2	— 24	—	— 24	+ 38	— 14
4th quarter ..	—123	+ 70	— 53	— 21	—	—329(5)	+ 4	—346	—	—346	+223	+123
1969 1st quarter ..	—129	+148	+ 19	— 26	—	+ 48	+250	+272	—	+272	—252	— 20
2nd quarter ..	— 48	+144	+ 96	+158	—	— 45	— 31	+ 82	—	+ 82	— 93	+ 11
3rd quarter ..	+ 34	+131	+165	+149	—	— 59	—137	— 47	—	— 47	+ 43	+ 4
4th quarter ..	—	+171	+171	+170	—	— 53	+319	+436	—	+436	—397	— 39
1970 1st quarter ..	+ 59	+200	+259	+237	—	+466	+212	+915	+171	+1,086	—1,010	— 76
2nd quarter ..	— 46	+186	+140	+166	—	+125	— 64	+227	—	+227	—193	— 34
3rd quarter ..	— 77	+166	+ 89	+ 74	—	—169	—107	—202	—	—202	+150	+ 52
4th quarter ..	+ 55	+165	+220	+231	—	+ 43	+ 73	+347	— 38	+309	—242	— 67
1971 1st quarter ..	— 52	+202	+150	+ 68	—	+648	+257	+973	+125	+1,098	—894	—204
2nd quarter ..	+105	+188	+293	+349	—	+338	— 53	+634	—	+634	—508	—126
3rd quarter ..	+172	+210	+382	+374	—	+453	—159	+668	—	+668	— 92	—576
4th quarter ..	+ 60	+188	+248	+282	—	+411	+260	+953	—	+953	—323	—630
1972 1st quarter ..	—121	+205	+ 84	— 12	—	— 5	+ 74	+ 57	+124	+181	+ 10	—191
2nd quarter ..	— 64	+198	+134	+192	—	—836	—401	—1,045	—	—1,045	+999	+ 46
3rd quarter ..	—284	+170	—114	—144	—	— 74	+139	— 79	—	— 79	—560	+639
4th quarter ..	—208	+218	+ 10	+ 78	—	+140	—416	—198	—	—198	—	+198
1973 1st quarter ..	—351	+205	—146	—368	—38	+ 71	+404	+ 69	—	+ 69	—	— 69
2nd quarter ..	—399	+211	—188	—186	—19	+664	— 82	+377	—	+377	—	—377
3rd quarter ..	—606	+315	—291	—243	— 1	—283	+269	—258	—	—258	—	+258
4th quarter ..	—1,019	+358	—661	—489	— 1	+526	— 14	+ 22	—	+ 22	—	— 22
1974 1st quarter ..	—1,288	+309	—979	—1,089	—	+689	+361	— 39	—	— 39	—	+ 39

(1) Consists of total currency flow, allocation of SDR and gold subscription to IMF.
(2) From July 1972, transactions with the IMF affecting the United Kingdom reserve position in the Fund are included as changes in the official reserves.
(3) Drawings on, +/ additions to, —. From 23 August 1971, valued in sterling at transactions rates of exchange (see notes on page 78 of the 1973 issue of the Pink Book).
(4) Includes transfer of dollar portfolio to reserves. See Table 14.
(5) Includes EEA loss on forward commitments. See Table 4.

Current account

TABLE 2

£ million

	Exports (f.o.b.)	Imports (f.o.b.)	Visible balance	Government(1)			Transport						Travel		
							Sea transport			Civil aviation					
				Credits	Debits	Net	Credits	Debits	Net	Credits	Debits	Net	Credits	Debits	Net
1968 ..	6,274	6,933	—659	44	510	—466	1,053	1,018	+35	235	206	+29	282	271	+11
1969 ..	7,063	7,206	—143	48	515	—467	1,051	1,082	—31	287	246	+41	359	324	+35
1970 ..	7,893	7,902	— 9	51	537	—486	1,361	1,436	—75	316	279	+37	432	382	+50
1971 ..	8,796	8,511	+285	59	585	—526	1,609	1,668	—59	354	309	+45	489	439	+50
1972 ..	9,134	9,811	—677	75	636	—561	1,645	1,699	—54	410	346	+64	550	527	+23
1973 ..	11,435	13,810	—2,375	143	928	—785	2,072	2,132	—60	481	420	+61	680	676	+ 4
Unadjusted															
1971 1st qtr	1,972	2,113	—141	22	148	—126	392	432	—40	61	61	—	62	52	+10
2nd qtr	2,308	2,176	+132	9	136	—127	399	423	—24	89	73	+16	123	107	+16
3rd qtr	2,194	2,042	+152	15	154	—139	399	397	+ 2	124	98	+26	201	206	— 5
4th qtr	2,322	2,180	+142	13	147	—134	419	416	+ 3	80	77	+ 3	103	74	+29
1972 1st qtr	2,170	2,379	—209	26	178	—152	392	414	—22	73	70	+ 3	81	72	+ 9
2nd qtr	2,385	2,413	— 28	15	145	—130	396	411	—15	103	82	+21	129	120	+ 9
3rd qtr	1,902	2,233	—331	13	158	—145	414	417	— 3	142	107	+35	210	238	—28
4th qtr	2,677	2,786	—109	21	155	—134	443	457	—14	92	87	+ 5	130	97	+33
1973 1st qtr	2,626	3,156	—530	29	222	—193	449	481	—32	82	84	— 2	98	92	+ 6
2nd qtr	2,854	3,235	—381	21	234	—213	481	507	—26	125	103	+22	158	161	— 3
3rd qtr	2,787	3,381	—594	46	234	—188	529	538	— 9	162	121	+41	261	302	—41
4th qtr	3,168	4,038	—870	47	238	—191	613	606	+ 7	112	112	—	163	121	+42
1974 1st qtr	3,309	4,699	—1,390	51	273	—222	615	697	—82	108	114	— 6	113	105	+ 8
Seasonally adjusted															
1971 1st qtr	2,007	2,059	— 52	14	133	—119	400	427	—27	83	73	+10	114	110	+ 4
2nd qtr	2,260	2,155	+105	14	144	—130	410	434	—24	87	73	+14	118	107	+11
3rd qtr	2,286	2,114	+172	18	156	—138	398	407	— 9	91	80	+11	125	108	+17
4th qtr	2,243	2,183	+ 60	13	152	—139	401	400	+ 1	93	83	+10	132	114	+18
1972 1st qtr	2,177	2,298	—121	18	159	—141	399	409	—10	98	83	+15	137	131	+ 6
2nd qtr	2,293	2,357	— 64	16	155	—139	406	421	—15	101	83	+18	135	129	+ 6
3rd qtr	2,052	2,336	—284	20	162	—142	413	428	—15	105	88	+17	136	130	+ 6
4th qtr	2,612	2,820	—208	21	160	—139	427	441	—14	106	92	+14	142	137	+ 5
1973 1st qtr	2,633	2,984	—351	19	207	—188	457	475	—18	108	98	+10	154	151	+ 3
2nd qtr	2,794	3,193	—399	29	245	—216	493	520	—27	121	104	+17	166	161	+ 5
3rd qtr	2,984	3,590	—606	46	238	—192	528	551	—23	122	101	+21	177	179	— 2
4th qtr	3,024	4,043	—1,019	49	238	—189	594	586	+ 8	130	117	+13	183	185	— 2
1974 1st qtr	3,370	4,658	—1,288	42	260	—218	625	687	—62	141	133	+ 8	178	172	+ 6

(1) Services and transfer payments, see Table 7.

Current account

TABLE 2 (*continued*) — £ million

	Other services			Interest, profits and dividends			Private transfers			Total invisibles			All current transactions		
	Credits	Debits	Net	Credits	Debits	Net	Credits	Debits	Net	Credits	Debits	Invisible balance	Credits	Debits	Current balance
1968 ..	914	428	+486	1,107	772	+335	171	226	—55	3,806	3,431	+375	10,080	10,364	—284
1969 ..	1,048	482	+566	1,338	839	+499	181	230	—49	4,312	3,718	+594	11,375	10,924	+451
1970 ..	1,207	508	+699	1,414	888	+526	192	226	—34	4,973	4,256	+717	12,866	12,158	+708
1971 ..	1,331	547	+784	1,494	970	+524	202	232	—30	5,538	4,750	+788	14,334	13,261	+1,073
1972 ..	1,470	611	+859	1,708	1,173	+535	211	286	—75	6,069	5,278	+791	15,203	15,089	+114
1973 ..	1,696	727	+969	2,464	1,453	+1,011	222	333	—111	7,758	6,669	+1,089	19,193	20,479	—1,286
Unadjusted															
1971 1st qtr	326	123	+203	380	218	+162	50	50	—	1,293	1,084	+209	3,265	3,197	+ 68
2nd qtr	331	139	+192	400	249	+151	50	57	— 7	1,401	1,184	+217	3,709	3,360	+349
3rd qtr	327	137	+190	363	209	+154	51	57	— 6	1,480	1,258	+222	3,674	3,300	+374
4th qtr	347	148	+199	351	294	+ 57	51	68	—17	1,364	1,224	+140	3,686	3,404	+282
1972 1st qtr	370	149	+221	404	253	+151	52	65	—13	1,398	1,201	+197	3,568	3,580	— 12
2nd qtr	358	146	+212	433	293	+140	52	69	—17	1,486	1,266	+220	3,871	3,679	+192
3rd qtr	356	154	+202	412	265	+147	53	74	—21	1,600	1,413	+187	3,502	3,646	—144
4th qtr	386	162	+224	459	362	+ 97	54	78	—24	1,585	1,398	+187	4,262	4,184	+ 78
1973 1st qtr	405	169	+236	529	358	+171	55	79	—24	1,647	1,485	+162	4,273	4,641	—368
2nd qtr	412	179	+233	582	372	+210	55	83	—28	1,834	1,639	+195	4,688	4,874	—186
3rd qtr	428	184	+244	631	302	+329	56	81	—25	2,113	1,762	+351	4,900	5,143	—243
4th qtr	451	195	+256	722	421	+301	56	90	—34	2,164	1,783	+381	5,332	5,821	—489
1974 1st qtr	515	226	+289	759	410	+349	55	90	—35	2,216	1,915	+301	5,525	6,614	—1,089
Seasonally adjusted															
1971 1st qtr	321	123	+198	381	245	+136	50	50	—	1,363	1,161	+202	3,370	3,220	+150
2nd qtr	330	139	+191	377	244	+133	50	57	— 7	1,386	1,198	+188	3,646	3,353	+293
3rd qtr	336	139	+197	373	235	+138	51	57	— 6	1,392	1,182	+210	3,678	3,296	+382
4th qtr	344	146	+198	363	246	+117	51	68	—17	1,397	1,209	+188	3,640	3,392	+248
1972 1st qtr	364	149	+215	416	283	+133	52	65	—13	1,484	1,279	+205	3,661	3,577	+ 84
2nd qtr	356	146	+210	418	283	+135	52	69	—17	1,484	1,286	+198	3,777	3,643	+134
3rd qtr	367	156	+211	416	302	+114	53	74	—21	1,510	1,340	+170	3,562	3,676	—114
4th qtr	383	160	+223	458	305	+153	54	78	—24	1,591	1,373	+218	4,203	4,193	+ 10
1973 1st qtr	398	168	+230	545	353	+192	55	79	—24	1,736	1,531	+205	4,369	4,515	—146
2nd qtr	410	180	+230	578	348	+230	55	83	—28	1,852	1,641	+211	4,646	4,834	—188
3rd qtr	441	186	+255	628	347	+281	56	81	—25	1,998	1,683	+315	4,982	5,273	—291
4th qtr	447	193	+254	713	405	+308	56	90	—34	2,172	1,814	+358	5,196	5,857	—661
1974 1st qtr	505	226	+279	770	439	+331	55	90	—35	2,316	2,007	+309	5,686	6,665	—979

Investment and other capital flows

Not seasonally adjusted

TABLE 3 — £ million

	Official long-term capital	Overseas investment in UK public sector	Overseas investment in UK private sector	UK private investment overseas	Overseas currency borrowing or lending (net) by UK banks			Exchange reserves in sterling(2)		Other external banking and money market liabilities in sterling	Import credit (3)	Export credit (3)	Other short-term flows	Total investment and other capital flows
					Borrowing to finance UK investment overseas	Borrowing to finance lending to UK public sector(1)	Other borrowing or lending (net)	British government stocks	Banking and money market liabilities					
1968 ..	+ 16	+ 16	+567	—727	+155	..	—170	— 22	—158	—128	+ 75	—321	— 59	— 756
1969 ..	— 99	—	+673	—679	+ 72	..	—110	+237	+ 77	— 53	+153	—325	— 55	— 109
1970 ..	—204	— 10	+740	—802	+180	..	+292	+ 63	+130	+266	+ 17	—261	+ 54	+ 465
1971 ..	—273	+179	+1,025	—905	+280	..	+219	+ 55	+658	+709	+ 77	—172	— 2	+1,850
1972 ..	—256	+113	+750	—1,489	+725	..	—254	+ 65	+222	— 91	+187	—296	—451	— 775
1973 ..	—253	+311	+1,365	—1,469	+515	+831	—129	+ 74	+ 77	— 36	+156	—205	—259	+ 978
1971 1st qtr	— 45	+121	+327	—227	+ 45	..	+ 39	+ 57	+168	+ 60	+ 28	— 37	+112	+ 648
2nd qtr	— 44	+ 28	+279	—246	+120	..	+ 38	+ 36	+244	— 3	— 4	— 71	— 39	+ 338
3rd qtr	— 35	+ 5	+208	—196	+ 60	..	— 32	— 40	+137	+240	+ 30	+ 44	+ 32	+ 453
4th qtr	—149	+ 25	+211	—236	+ 55	..	+174	+ 2	+109	+412	+ 23	—108	—107	+ 411
1972 1st qtr	— 43	+ 64	+157	—348	+185	..	— 71	+ 70	+138	+ 3	+ 47	— 58	—149	— 5
2nd qtr	— 39	+ 20	+167	—366	+170	..	—302	— 8	+ 37	—167	+ 22	—118	—252	— 836
3rd qtr	— 17	+ 22	+235	—365	+195	..	+ 4	— 35	— 52	— 5	+ 15	— 12	— 59	— 74
4th qtr	—157	+ 7	+191	—410	+175	..	+115	+ 38	+ 99	+ 78	+103	—108	+ 9	+ 140
1973 1st qtr	— 55	+ 44	+320	—390	+175	+ 39	—191	+ 18	+183	— 37	+ 22	—108	+ 51	+ 71
2nd qtr	— 31	+ 68	+378	—250	+ 65	+234	+ 47	+ 92	— 3	+ 79	+ 38	— 9	— 44	+ 664
3rd qtr	— 26	+ 37	+263	—332	+ 70	+347	— 57	— 38	—307	— 75	+ 23	— 34	—154	— 283
4th qtr	—141	+162	+404	—497	+205	+211	+ 72	+ 2	+204	— 3	+ 73	— 54	—112	+ 526
1974 1st qtr	— 52	+ 46	+588	—238	+185	+276	—151	+ 91	+159	— 51	+ 2	— 89	— 77	+ 689

(1) Prior to 1973 borrowing of this type was not separately distinguished but was probably small.
(2) Sterling reserves of overseas countries and international organisations (other than the IMF) as reported by banks, etc. in the UK.
(3) Excluding trade credit between 'related' firms; after deducting advance and progress payments to suppliers.

Analysis of total currency flow and official financing

Not seasonally adjusted

TABLE 4 — £ million

	Currency flow						Allocation of Special Drawing Rights	Gold subscription to IMF	Total (1)	Official financing			
										Net transactions with overseas monetary authorities		Drawings on(+)/ additions to (—) official reserves (2) (3)	Total official financing
	Current balance	Capital transfers	Investment and other capital flows	Balancing item	EEA loss on forward commitments	Total currency flow				IMF (2)	Other monetary authorities		
1968	— 284	—	— 756	—119	—251	—1,410	—	—	—1,410	+506	+ 790	+ 114	+1,410
1969	+ 451	—	— 109	+401	—	+ 743	—	—	+ 743	— 30	— 669	— 44	— 743
1970	+ 708	—	+ 465	+114	—	+1,287	+171	—38	+1,420	—134	—1,161	— 125	—1,420
1971	+1,073	—	+1,850	+305	—	+3,228	+125	—	+3,353	—554	—1,263	—1,536	—3,353
1972	+ 114	—	— 775	—604	—	—1,265	+124	—	—1,141	—415	+ 864	+ 692	+1,141
1973	—1,286	—59	+ 978	+577	—	+ 210	—	—	+ 210	—	—	— 210	— 210
1971 1st qtr ..	+ 68	—	+ 648	+257	—	+ 973	+125	—	+1,098	—287	— 607	— 204	—1,098
2nd qtr ..	+ 349	—	+ 338	— 53	—	+ 634	—	—	+ 634	— 8	— 500	— 126	— 634
3rd qtr ..	+ 374	—	+ 453	—159	—	+ 668	—	—	+ 668	—259	+ 167	— 576	— 668
4th qtr ..	+ 282	—	+ 411	+260	—	+ 953	—	—	+ 953	—	— 323	— 630	— 953
1972 1st qtr ..	— 12	—	— 5	+ 74	—	+ 57	+124	—	+ 181	— 10	+ 20	— 191	— 181
2nd qtr ..	+ 192	—	— 836	—401	—	—1,045	—	—	—1,045	—405	+1,404	+ 46	+1,045
3rd qtr ..	— 144	—	— 74	+139	—	— 79	—	—	— 79	—	— 560	+ 639	+ 79
4th qtr ..	+ 78	—	+ 140	—416	—	— 198	—	—	— 198	—	—	+ 198	+ 198
1973 1st qtr ..	— 368	—38	+ 71	+404	—	+ 69	—	—	+ 69	—	—	— 69	— 69
2nd qtr ..	— 186	—19	+ 664	— 82	—	+ 377	—	—	+ 377	—	—	— 377	— 377
3rd qtr ..	— 243	— 1	— 283	+269	—	— 258	—	—	— 258	—	—	+ 258	+ 258
4th qtr ..	— 489	— 1	+ 526	— 14	—	+ 22	—	—	+ 22	—	—	— 22	— 22
1974 1st qtr ..	—1,089	—	+ 689	+361	—	— 39	—	—	— 39	—	—	+ 39	+ 39

(1) Consists of total currency flow, allocation of SDR and gold subscription to IMF.
(2) From July 1972, transactions with the IMF affecting the United Kingdom reserve position in the Fund are included as changes in the official reserves.
(3) From 23 August 1971, valued in sterling at transactions rates of exchange (see notes on page 78 of the 1973 issue of the Pink Book). Therefore, from the third quarter of 1971, the sterling valuation of the flow does not equal the difference between the opening and closing levels shown in Table 20.

Summary balance of payments

TABLE 5

£ million

	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973
Exports (f.o.b.)	4,282	4,486	4,817	5,184	5,124	6,274	7,063	7,893	8,796	9,134	11,435
Imports (f.o.b.)	4,362	5,005	5,054	5,257	5,681	6,933	7,206	7,902	8,511	9,811	13,810
Visible balance	— 80	—519	—237	— 73	—557	—659	—143	— 9	+285	—677	—2,375
Invisible credits											
Services—government	40	45	46	42	36	44	48	51	59	75	67
private (1)	1,487	1,588	1,698	1,817	2,085	2,484	2,745	3,316	3,783	4,075	4,929
Interest, profits and dividends											
public sector	37	43	45	55	57	38	39	65	100	167	155
private sector	805	845	947	907	920	1,069	1,299	1,349	1,394	1,541	2,309
Transfers—government	—	—	—	—	—	—	—	—	—	—	76
private	113	125	135	135	143	171	181	192	202	211	222
Total	2,482	2,646	2,871	2,956	3,241	3,806	4,312	4,973	5,538	6,069	7,758
Invisible debits											
Services—government	290	314	316	332	311	331	338	365	385	434	520
private (1)	1,294	1,402	1,491	1,555	1,716	1,923	2,134	2,605	2,963	3,183	3,955
Interest, profits and dividends											
public sector	170	162	179	214	229	274	373	327	299	314	377
private sector	274	333	378	361	369	498	466	561	671	859	1,076
Transfers—government	132	163	177	180	188	179	177	172	200	202	408
private	118	135	142	157	187	226	230	226	232	286	333
Total	2,278	2,509	2,683	2,799	3,000	3,431	3,718	4,256	4,750	5,278	6,669
Invisible balance	+204	+137	+188	+157	+241	+375	+594	+717	+788	+791	+1,089
CURRENT BALANCE	+124	—382	— 49	+ 84	—316	—284	+451	+708	+1,073	+114	—1,286
Capital transfers	—	—	—	—	—	—	—	—	—	—	— 59
Investment and other capital flows(2)											
Official long-term capital	—105	—116	— 85	— 81	— 59	+ 16	— 99	—204	—273	—256	—253
Overseas investment in UK public sector	+ 41	+ 15	— 12	+ 35	+ 54	+ 16	—	— 10	+179	+113	+311
Overseas investment in UK private sector	+229	+143	+238	+264	+360	+567	+673	+740	+1,025	+750	+1,365
UK private investment overseas	—320	—399	—368	—303	—456	—727	—679	—802	—905	—1,489	—1,469
Overseas currency borrowing or lending (net) by UK banks											
Borrowing to finance UK investment overseas	+ 5	+ 15	+ 45	+ 15	+ 55	+155	+ 72	+180	+280	+725	+515
Borrowing to finance lending to UK public sector	..	..	..	..	..	..	..	..	..	..	+831
Other borrowing or lending (net)	— 16	+146	— 67	—207	— 19	—170	—110	+292	+219	—254	—129
Exchange reserves in sterling British government stocks	— 33	+ 52	— 46	— 51	— 40	— 22	+237	+ 63	+ 55	+ 65	+ 74
Banking and money market liabilities	+154	— 73	—104	+ 22	—148	—158	+ 77	+130	+658	+222	+ 77
Other external banking and money market liabilities in sterling	+111	+ 42	+ 52	— 72	— 96	—128	— 53	+266	+709	— 91	— 36
Import credit	+ 26	+ 2	+ 6	— 6	+ 13	+ 75	+153	+ 17	+ 77	+187	+156
Export credit	—115	— 48	— 52	—198	—193	—321	—325	—261	—172	—296	—205
Other short-term flows	— 76	— 80	+ 67	+ 4	+ 34	— 59	— 55	+ 54	— 2	—451	—259
Total investment and other capital flows	— 99	—301	—326	—578	—495	—756	—109	+465	+1,850	—775	+978
Balancing item	— 83	— 12	+ 22	— 53	+245	—119	+401	+114	+ 305	—604	+577
EEA loss on forward commitments	—	—	—	—	—105	—251	—	—	—	—	—
TOTAL CURRENCY FLOW	— 58	—695	—353	—547	—671	—1,410	+743	+1,287	+3,228	—1,265	+210
Allocation of SDR	—	—	—	—	—	—	—	+ 171	+ 125	+ 124	—
Gold subscription to IMF	—	—	—	— 44	—	—	—	— 38	—	—	—
Total	— 58	—695	—353	—591	—671	—1,410	+743	+1,420	+3,353	—1,141	+210
Total official financing	+ 58	+695	+353	+591	+671	+1,410	—743	—1,420	—3,353	+1,141	—210

(1) Including public corporations.
(2) Assets: increase—/decrease+. Liabilities: increase+/decrease—.

Visible trade in the balance of payments

Seasonally adjusted

TABLE 6 — £ million

	Exports				Imports								
						Valuation adjustments		Coverage adjustments					
	Overseas Trade Statistics (f.o.b.)	Coverage adjustments	Net adjustment for recording of exports	Balance of payments (f.o.b.) (1)	Overseas Trade Statistics (c.i.f.)	Freight and insurance (2)	Other	US military aircraft		Ships delivered abroad	Other	Balance of payments (f.o.b.) (1)	Visible balance (1)
								Arrivals	Payments				
1968	6,434	—290	130	6,274	7,897	—742	—36	—146	+109	+ 97	—246	6,933	—659
1969	7,339	—319	43	7,063	8,315	—784	—37	—187	+ 61	+155	—317	7,206	—143
1970	8,061	—329	161	7,893	9,037	—864	—37	— 22	+ 10	+122	—344	7,902	— 9
1971	9,181	—488	103	8,796	9,821	—960	—36	— 10	+ 5	+203	—512	8,511	+285
1972	9,746	—612	—	9,134	11,138	—995	—38	— 1	+ 5	+327	—625	9,811	—677
1973	12,455	—1,020	—	11,435	15,855	—1,324	—48	— 2	+ 1	+377	—1,048	13,810	—2,375
1968 1st quarter ..	1,557	— 63	32	1,527	1,932	—183	—11	— 20	+ 23	+ 11	— 60	1,694	—167
2nd quarter ..	1,531	— 75	31	1,487	1,930	—190	— 9	— 25	+ 31	+ 27	— 60	1,703	—216
3rd quarter ..	1,657	— 74	33	1,615	2,009	—188	— 9	— 37	+ 35	+ 21	— 63	1,768	—153
4th quarter ..	1,689	— 78	34	1,645	2,026	—181	— 7	— 64	+ 20	+ 38	— 63	1,768	—123
1969 1st quarter ..	1,686	— 78	35	1,642	2,023	—196	—10	— 51	+ 33	+ 41	— 70	1,771	—129
2nd quarter ..	1,800	— 89	35	1,747	2,097	—196	— 9	— 66	+ 15	+ 45	— 90	1,795	— 48
3rd quarter ..	1,919	— 73	—17	1,829	2,086	—196	— 8	— 47	+ 3	+ 31	— 73	1,795	+ 34
4th quarter ..	1,934	— 79	—10	1,845	2,109	—196	— 9	— 23	+ 10	+ 38	— 84	1,845	—
1970 1st quarter ..	1,972	— 78	39	1,933	2,144	—197	—10	— 5	+ 1	+ 24	— 83	1,874	+ 59
2nd quarter ..	2,004	— 85	40	1,959	2,285	—212	—10	— 9	—	+ 38	— 86	2,005	— 46
3rd quarter ..	1,909	— 76	38	1,872	2,219	—220	— 8	— 2	+ 6	+ 31	— 78	1,949	— 77
4th quarter ..	2,176	— 90	44	2,129	2,389	—235	— 9	— 6	+ 3	+ 29	— 97	2,074	+ 55
1971 1st quarter ..	2,056	— 89	41	2,007	2,377	—245	—10	— 4	+ 5	+ 36	—100	2,059	— 52
2nd quarter ..	2,337	—123	46	2,260	2,462	—243	— 9	— 3	—	+ 73	—124	2,155	+105
3rd quarter ..	2,392	—138	31	2,286	2,449	—237	— 8	— 2	—	+ 55	—143	2,114	+172
4th quarter ..	2,396	—138	—15	2,243	2,533	—235	— 9	— 1	—	+ 39	—145	2,183	+ 60
1972 1st quarter ..	2,320	—143	—	2,177	2,631	—234	—10	—	+ 2	+ 55	—146	2,298	—121
2nd quarter ..	2,440	—147	—	2,293	2,673	—249	—10	—	+ 2	+ 76	—135	2,357	— 64
3rd quarter ..	2,199	—146	—	2,052	2,663	—238	— 9	—	—	+ 78	—158	2,336	—284
4th quarter ..	2,787	—176	—	2,612	3,171	—274	— 9	— 1	+ 1	+118	—186	2,820	—208
1973 1st quarter ..	2,836	—203	—	2,633	3,390	—294	—12	—	+ 1	+104	—205	2,984	—351
2nd quarter ..	3,015	—220	—	2,794	3,679	—317	—13	—	—	+ 72	—228	3,193	—399
3rd quarter ..	3,252	—268	—	2,984	4,163	—342	—10	— 1	—	+ 61	—280	3,590	—606
4th quarter ..	3,352	—329	—	3,024	4,623	—372	—13	— 1	—	+140	—335	4,043	—1,019
1974 1st quarter ..	3,644	—273	—	3,370	5,283	—399	—12	— 2	—	+107	—321	4,658	—1,288

(1) Components and totals are rounded independently.
(2) Including port charges.

Government services and transfers

TABLE 7

£ million

	Credits			Debits									Government (net)
	Services	Transfers		Services			Transfers						
	Military and other	EEC	Total	Military	Administrative, diplomatic, etc.	Total services	Economic grants	Subscriptions and contributions to international organisations		Other	Total transfers	Total	
								EEC	Other				
1968	44	—	44	275	56	331	88	—	50	41	179	510	—466
1969	48	—	48	282	56	338	87	—	56	34	177	515	—467
1970	51	—	51	302	63	365	85	—	54	33	172	537	—486
1971	59	—	59	322	63	385	112	—	54	34	200	585	—526
1972	75	—	75	359	75	434	90	—	69	43	202	636	—561
1973	67	76	143	427	93	520	106	181	75	46	408	929	—785
Unadjusted													
1971 1st quarter ..	22	—	22	76	15	91	38	—	11	8	57	148	—126
2nd quarter ..	9	—	9	76	15	91	16	—	20	9	45	136	—127
3rd quarter ..	15	—	15	88	18	106	25	—	14	9	48	154	—139
4th quarter ..	13	—	13	82	15	97	33	—	9	8	50	147	—134
1972 1st quarter ..	26	—	26	97	17	114	32	—	23	9	64	178	—152
2nd quarter ..	15	—	15	76	18	94	16	—	23	12	51	145	—130
3rd quarter ..	13	—	13	93	19	112	20	—	15	11	46	158	—145
4th quarter ..	21	—	21	93	21	114	22	—	8	11	41	155	—134
1973 1st quarter ..	26	3	29	101	21	122	43	26	20	11	100	222	—193
2nd quarter ..	10	11	21	94	21	115	17	63	29	10	119	234	—213
3rd quarter ..	16	30	46	113	26	139	23	48	12	12	95	234	—188
4th quarter ..	15	32	47	119	25	144	23	44	14	13	94	238	—191
1974 1st quarter ..	23	28	51	123	23	146	43	46	24	14	127	273	—222
Seasonally adjusted													
1971 1st quarter ..	14	—	14	75	15	90	24	—	11	8	43	133	—119
2nd quarter ..	14	—	14	81	15	96	25	—	14	9	48	144	—130
3rd quarter ..	18	—	18	83	18	101	30	—	16	9	55	156	—138
4th quarter ..	13	—	13	83	15	98	33	—	13	8	54	152	—139
1972 1st quarter ..	18	—	18	88	17	105	19	—	26	9	54	159	—141
2nd quarter ..	16	—	16	84	18	102	25	—	16	12	53	155	—139
3rd quarter ..	20	—	20	92	19	111	24	—	16	11	51	162	—142
4th quarter ..	21	—	21	95	21	116	22	—	11	11	44	160	—139
1973 1st quarter ..	16	3	19	99	21	120	26	26	24	11	87	207	—188
2nd quarter ..	18	11	29	102	21	123	29	63	20	10	122	245	—216
3rd quarter ..	16	30	46	111	25	136	28	48	14	12	102	238	—192
4th quarter ..	17	32	49	115	26	141	23	44	17	13	97	238	—189
1974 1st quarter ..	14	28	42	121	23	144	27	46	29	14	116	260	—218

Interest, profits and dividends

TABLE 8

£ million

	Credits				Debits				Interest, profits and dividends (net)
	Direct investment(1)	Portfolio investment	Other(2)	Total	Direct investment(1)	Portfolio investment	Other(2)	Total	
1968	568	164	375	1,107	329	96	347	772	+335
1969	650	161	527	1,338	308	100	431	839	+499
1970	710	171	533	1,414	360	113	415	888	+526
1971	716	166	612	1,494	390	135	445	970	+524
1972	915	162	631	1,708	523	158	492	1,173	+535
1973	1,420	189	855	2,464	613	184	656	1,453	+1,011
Unadjusted									
1971 1st quarter	170	44	166	380	85	24	109	218	+162
2nd quarter	187	38	175	400	98	43	108	249	+151
3rd quarter	177	45	141	363	84	30	95	209	+154
4th quarter	182	39	130	351	123	38	133	294	+ 57
1972 1st quarter	206	39	159	404	110	36	107	253	+151
2nd quarter	233	39	161	433	141	44	108	293	+140
3rd quarter	218	41	153	412	117	36	112	265	+147
4th quarter	258	43	158	459	155	42	165	362	+ 97
1973 1st quarter	294	42	193	529	183	42	133	358	+171
2nd quarter	323	49	210	582	181	49	142	372	+210
3rd quarter	370	51	210	631	105	45	152	302	+329
4th quarter	433	47	242	722	144	48	229	421	+301
1974 1st quarter	347	51	361	759	126	52	232	410	+349
Seasonally adjusted									
1971 1st quarter	179	42	160	381	91	32	122	245	+136
2nd quarter	182	40	155	377	95	35	114	244	+133
3rd quarter	174	42	157	373	94	34	107	235	+138
4th quarter	181	42	140	363	110	34	102	246	+117
1972 1st quarter	228	36	152	416	126	39	118	283	+133
2nd quarter	230	41	147	418	128	39	116	283	+135
3rd quarter	212	39	165	416	136	42	124	302	+114
4th quarter	245	46	167	458	133	38	134	305	+153
1973 1st quarter	321	40	184	545	164	45	144	353	+192
2nd quarter	337	52	189	578	154	44	150	348	+230
3rd quarter	356	48	224	628	136	48	163	347	+281
4th quarter	406	49	258	713	159	47	199	405	+308
1974 1st quarter	374	48	348	770	142	55	242	439	+331

(1) Department of Industry inquiry into overseas direct investment. Credits exclude oil. Debits exclude oil and insurance.
(2) Including oil.

Official long-term capital (1)

Not seasonally adjusted

TABLE 9

£ million

	Inter-government loans							Other official long-term capital		Total official long-term capital
	Made by UK	Repaid to UK	Made to UK		Repaid by UK		Total	UK subscriptions to IDA, etc.	Other	
			Export-Import Bank	Other	Export-Import Bank	Other				
1968	— 90	+ 30	+ 98	—	— 24	— 20	— 6	— 5	+ 27	+ 16
1969	— 82	+ 30	+ 64	+ 52	— 54	— 58	— 48	— 45	— 6	— 99
1970	—110	+ 27	+ 9	—	— 43	— 61	—178	— 24	— 2	—204
1971	—125	+ 32	+ 4	—	— 42	— 57	—188	— 43	— 42	—273
1972	—110	+ 34	—	—	— 58	— 55	—189	— 52	— 15	—256
1973	— 93	+ 31	—	—	— 38	— 54	—154	— 84	— 15	—253
1971 1st quarter	— 48	+ 5	+ 4	—	—	—	— 39	— 1	— 5	— 45
2nd quarter	— 15	+ 9	—	—	— 21	— 11	— 38	—	— 6	— 44
3rd quarter	— 31	+ 4	—	—	—	— 5	— 32	— 1	— 2	— 35
4th quarter	— 31	+ 14	—	—	— 21	— 41	— 79	— 41	— 29	—149
1972 1st quarter	— 29	+ 5	—	—	— 17	—	— 41	— 1	— 1	— 43
2nd quarter	— 20	+ 10	—	—	— 20	— 3	— 33	— 1	— 5	— 39
3rd quarter	— 12	+ 4	—	—	—	— 5	— 13	— 1	— 3	— 17
4th quarter	— 49	+ 15	—	—	— 21	— 47	—102	— 49	— 6	—157
1973 1st quarter	— 47	+ 5	—	—	—	—	— 42	— 10	— 3	— 55
2nd quarter	— 14	+ 11	—	—	— 19	— 4	— 26	—	— 5	— 31
3rd quarter	— 14	+ 5	—	—	—	— 2	— 11	— 13	— 2	— 26
4th quarter	— 18	+ 10	—	—	— 19	— 48	— 75	— 61	— 5	—141
1974 1st quarter	— 62	+ 4	—	—	—	—	— 58	— 2	+ 8	— 52

(1) Assets: increase—/ decrease+. Liabilities: increase+/ decrease—.

Overseas investment in UK public sector(1)

Not seasonally adjusted

TABLE 10

£ million

	British government stocks(2)	Local authorities' securities and mortgages	Net issues abroad		Net borrowing abroad from banks, etc.		Total
			Public corporations	Local authorities	Public corporations	Local authorities (3)	
1968	+ 9	+ 7	—	—	—	—	+ 16
1969	— 74	— 1	+ 54	—	+16	+ 5	—
1970	— 10	+ 2	—	—	— 2	—	— 10
1971	+ 82	+ 21	+ 11	—	+65	—	+179
1972	+108	+ 5	—	—	—	—	+113
1973	+ 7	+ 32	+ 70	+128	+67	+ 7	+311
1971 1st quarter	+ 61	+ 5	+ 11	—	+44	—	+121
2nd quarter	+ 4	+ 3	—	—	+21	—	+ 28
3rd quarter	+ 2	+ 3	—	—	—	—	+ 5
4th quarter	+ 15	+ 10	—	—	—	—	+ 25
1972 1st quarter	+ 63	+ 1	—	—	—	—	+ 64
2nd quarter	+ 20	—	—	—	—	—	+ 20
3rd quarter	+ 13	+ 9	—	—	—	—	+ 22
4th quarter	+ 12	— 5	—	—	—	—	+ 7
1973 1st quarter	— 15	— 1	+ 50	+ 10	—	—	+ 44
2nd quarter	+ 12	+ 8	—	+ 38	+10	—	+ 68
3rd quarter	+ 9	+ 12	— 1	+ 25	— 8	—	+ 37
4th quarter	+ 1	+ 13	+ 21	+ 55	+65	+ 7	+162
1974 1st quarter	— 24	+ 7	+ 21	+ 21	+10	+11	+ 46

(1) Net of disinvestment. Assets: increase—/decrease +. Liabilities: increase+/decrease—.
(2) Excluding investment by central monetary institutions and international organisations.
(3) Other than short-term borrowing.

Inward and outward investment(1)—UK private sector

Not seasonally adjusted

TABLE 11

£ million

	Overseas investment in UK private sector						
	Direct(2)			UK company securities			
	Unremitted profits	Other	Total	Issues abroad (net)	Other securities	Oil and miscellaneous	Total
1968	+176	+ 98	+274	+ 19	+ 15	+259	+ 567
1969	+132	+187	+319	+ 6	+130	+218	+ 673
1970	+179	+175	+354	+ 35	+ 48	+303	+ 740
1971	+182	+263	+445	+ 88	+100	+392	+1,025
1972	+284	+ 79	+363	+150	+ 5	+232	+ 750
1973	+312	+260	+572	+138	+ 91	+564	+1,365
1971 1st quarter	+ 46	+142	+188	+ 27	+ 37	+ 75	+ 327
2nd quarter	+ 44	+ 61	+105	+ 5	+ 66	+103	+ 279
3rd quarter	+ 40	+ 48	+ 88	— 1	+ 11	+110	+ 208
4th quarter	+ 52	+ 12	+ 64	+ 57	— 14	+104	+ 211
1972 1st quarter	+ 50	+ 14	+ 64	— 2	— 5	+100	+ 157
2nd quarter	+ 90	+ 16	+106	+ 36	—	+ 25	+ 167
3rd quarter	+ 65	+ 34	+ 99	+ 48	+ 11	+ 77	+ 235
4th quarter	+ 79	+ 15	+ 94	+ 68	— 1	+ 30	+ 191
1973 1st quarter	+ 30	+ 31	+ 61	+ 75	+ 41	+143	+ 320
2nd quarter	+ 94	+128	+222	+ 30	+ 20	+106	+ 378
3rd quarter	+ 79	— 26	+ 53	+ 29	+ 12	+169	+ 263
4th quarter	+109	+127	+236	+ 4	+ 18	+146	+ 404
1974 1st quarter	+ 50	+104	+154	— 1	+ 14	+421	+ 588

TABLE 11 (*continued*)

£ million

	UK private investment overseas					
	Direct(3)			Portfolio	Oil and miscellaneous	Total
	Unremitted profits	Other	Total			
1968	—277	—133	—410	—236	— 81	— 727
1969	—321	—228	—549	— 34	— 96	— 679
1970	—322	—224	—546	—112	—144	— 802
1971	—329	—346	—675	— 77	—153	— 905
1972	—467	—264	—731	—686	— 72	—1,489
1973	—855	—490	—1,345	+ 10	—134	—1,469
1971 1st quarter	— 75	—102	—177	+ 1	— 51	— 227
2nd quarter	— 80	— 98	—178	— 22	— 46	— 246
3rd quarter	— 92	— 42	—134	— 37	— 25	— 196
4th quarter	— 82	—104	—186	— 19	— 31	— 236
1972 1st quarter	—101	— 59	—160	—165	— 23	— 348
2nd quarter	—123	— 21	—144	—200	— 22	— 366
3rd quarter	—111	— 72	—183	—179	— 3	— 365
4th quarter	—132	—112	—244	—142	— 24	— 410
1973 1st quarter	—165	— 84	—249	— 53	— 88	— 390
2nd quarter	—185	— 68	—253	+ 20	— 17	— 250
3rd quarter	—236	—215	—451	+ 35	+ 84	— 332
4th quarter	—269	—123	—392	+ 8	—113	— 497
1974 1st quarter	—208	—135	—343	+101	+ 4	— 238

(1) Net of disinvestment. Assets: increase—/decrease+. Liabilities: increase+/decrease—.
(2) Department of Industry inquiry into overseas direct investment: excluding oil and insurance.
(3) Department of Industry inquiry into overseas direct investment: excluding oil.

Import and export credit (1)

Not seasonally adjusted

TABLE 12

£ million

	Import credit						Export credit					
	Credit received by UK businesses			Advance and progress payments	Import deposits paid directly from overseas	Total	Credit extended by UK banks (3)			Suppliers' credit	Advance and progress payments (5)	Total
	Identified long-term(2)	Other	Total				Identified long-term(4)	Other	Total			
1968	+ 36	+ 50	+ 86	— 12	+ 1	+ 75	—143	— 52	—195	—152	+ 26	—321
1969	+ 50	+ 70	+120	— 26	+ 59	+153	—200	— 21	—221	—172	+ 68	—325
1970	+ 39	+ 12	+ 51	— 2	— 32	+ 17	—281	+ 30	—251	—116	+106	—261
1971	+ 81	+ 12	+ 93	+ 12	— 28	+ 77	—359	+ 71	—288	— 7	+123	—172
1972	+159	+ 17	+176	+ 11	—	+187	—323	+ 57	—266	—131	+101	—296
1973	+ 96	+ 86	+182	— 26	—	+156	—241	+ 27	—214	—151	+160	—205
1971 1st quarter	+ 28	+ 6	+ 34	+ 11	— 17	+ 28	— 79	+ 13	— 66	— 11	+ 40	— 37
2nd quarter	+ 16	— 10	+ 6	+ 1	— 11	— 4	—119	+ 26	— 93	— 25	+ 47	— 71
3rd quarter	+ 20	+ 6	+ 26	+ 4	—	+ 30	— 71	+ 43	— 28	+ 49	+ 23	+ 44
4th quarter	+ 17	+ 10	+ 27	— 4	—	+ 23	— 90	— 11	—101	— 20	+ 13	—108
1972 1st quarter	+ 34	+ 2	+ 36	+ 11	—	+ 47	— 93	+ 10	— 83	— 2	+ 27	— 58
2nd quarter	+ 40	— 18	+ 22	—	—	+ 22	— 76	+ 30	— 46	— 59	— 13	—118
3rd quarter	+ 29	— 10	+ 19	— 4	—	+ 15	— 73	+ 10	— 63	— 11	+ 62	— 12
4th quarter	+ 56	+ 43	+ 99	+ 4	—	+103	— 81	+ 7	— 74	— 59	+ 25	—108
1973 1st quarter	+ 20	+ 5	+ 25	— 3	—	+ 22	— 58	— 16	— 74	— 70	+ 36	—108
2nd quarter	+ 25	+ 17	+ 42	— 4	—	+ 38	— 62	+ 39	— 23	— 20	+ 34	— 9
3rd quarter	+ 25	+ 11	+ 36	— 13	—	+ 23	— 61	— 2	— 63	— 4	+ 33	— 34
4th quarter	+ 26	+ 53	+ 79	— 6	—	+ 73	— 60	+ 6	— 54	— 57	+ 57	— 54
1974 1st quarter	— 15	+ 14	— 1	+ 3	—	+ 2	— 59	— 10	— 69	— 90	+ 70	— 89

(1) Excluding trade credit between 'related' firms. Assets: increase—/decrease+. Liabilities: increase +/decrease—.
(2) Non-oil company ships and public corporation aircraft only.
(3) Including amounts refinanced with the Issue Department of the Bank of England and credit extended by the Insurance Export Finance Company.
(4) Credit extended under ECGD buyer credit schemes and ECGD specific bank guarantees.
(5) Including advances by overseas customers financed by UK banks.

Other short-term flows (1)

Not seasonally adjusted

TABLE 13

£ million

	External sterling claims(2)	Official assets and liabilities (nei)	Other commercial short-term transactions (net)	IMF expenditure and receipts in sterling	IMF gold deposits in the UK	Total
1968	— 44	+ 7	— 41	+20	— 1	— 59
1969	— 64	— 6	—	+15	—	— 55
1970	— 10	+29	+ 39	—	— 4	+ 54
1971	— 70	+21	+ 49	—	— 2	— 2
1972	—312	+16	— 61	—83	—11	—451
1973	—125	+ 5	—139	—	—	—259
1971 1st quarter	+ 76	+21	+ 16	—	— 1	+112
2nd quarter	—113	— 1	+ 76	—	— 1	— 39
3rd quarter	+ 61	— 4	— 25	—	—	+ 32
4th quarter	— 94	+ 5	— 18	—	—	—107
1972 1st quarter	—107	— 3	— 28	—	—11	—149
2nd quarter	—208	+18	+ 21	—83	—	—252
3rd quarter	— 7	—11	— 41	—	—	— 59
4th quarter	+ 10	+12	— 13	—	—	+ 9
1973 1st quarter	+124	—	— 73	—	—	+ 51
2nd quarter	—121	— 1	+ 78	—	—	— 44
3rd quarter	—111	— 1	— 42	—	—	—154
4th quarter	— 17	+ 7	—102	—	—	—112
1974 1st quarter	— 38	— 3	— 36	—	—	— 77

(1) Assets: increase—/decrease+. Liabilities: increase+/decrease—.
(2) Excluding export credit.

Official financing

TABLE 14

£ million

	Net transactions with overseas monetary authorities							Drawings on (+)/ additions to (—) official reserves (4)	Total official financing
	International Monetary Fund(1)				Other monetary authorities(2)				
	UK drawings	UK re-purchases	Other net drawings (3)	Total	Foreign currency	Sterling	Total		
1968	+583	— 77	—	+506	+ 18	+ 772	+ 790	+ 114	+1,410
1969	+354	—382	— 2	— 30	— 61	— 608	— 669	— 44	— 743
1970	+ 63	—141	— 56	—134	—150	—1,011	—1,161	— 125	—1,420
1971	—	—541	— 13	—554	—	—1,263	—1,263	—1,536	—3,353
1972	—	—313	—102	—415	—	+ 864	+ 864	+ 692	+1,141
1973	—	—	—	—	—	—	—	— 210	— 210
1971 1st quarter	—	—285	— 2	—287	—	— 607	— 607	— 204	—1,098
2nd quarter	—	—	— 8	— 8	—	— 500	— 500	— 126	— 634
3rd quarter	—	—256	— 3	—259	—	+ 167	+ 167	— 576	— 668
4th quarter	—	—	—	—	—	— 323	— 323	— 630	— 953
1972 1st quarter	—	—	— 10	— 10	—	+ 20	+ 20	— 191	— 181
2nd quarter	—	—313	— 92	—405	—	+1,404	+1,404	+ 46	+1,045
3rd quarter	—	—	—	—	—	— 560	— 560	+ 639	+ 79
4th quarter	—	—	—	—	—	—	—	+ 198	+ 198
1973 1st quarter	—	—	—	—	—	—	—	— 69	— 69
2nd quarter	—	—	—	—	—	—	—	— 377	— 377
3rd quarter	—	—	—	—	—	—	—	+ 258	+ 258
4th quarter	—	—	—	—	—	—	—	— 22	— 22
1974 1st quarter	—	—	—	—	—	—	—	+ 39	+ 39

(1) Components and the total are rounded independently. From July 1972, includes credit tranche transactions only.
(2) Net borrowing from other monetary authorities in the form of foreign currency deposits and assistance with a sterling counterpart, and other special swaps. (3) Drawings(—) and repurchases(+) in sterling by other countries.
(4) From 23 August 1971, valued in sterling at transactions rates of exchange (see notes on page 78 of the 1973 issue of the Pink Book). From July 1972, includes transactions affecting the United Kingdom reserve position in the IMF.

International Monetary Fund

TABLE 15

£ million

	United Kingdom account with the IMF (1)								IMF holdings of sterling	United Kingdom tranche position (4)	
				Credit tranche							
	UK gold sub-scription	IMF gold deposits in UK	Gold tranche (net)	UK drawings	UK re-purchases	Other net drawings (2)	Other IMF sterling trans-actions (3)	Change in account with IMF		Total	*of which* Gold tranche
									End of period		
1968	—	— 1	—	+583	— 77	—	+ 20	+525	1,965	68	—
1969	—	—	—	+354	—382	— 2	+ 16	— 15	1,950	83	—
1970	—38	— 4	—	+ 63	—141	— 56	—	—176	1,929(5)	404	—
1971	—	— 2	—	—	—541	— 13	—	—556	1,374	959	—
1972	—	— 11	— 33	—	— 21	—102	— 83	—250	1,132	1,215	49
1973	—	—	—	—	—	—	—	—	1,189	1,215	49
1971 1st quarter	—	— 1	—	—	—285	— 2	—	—288	1,642	691	—
2nd quarter	—	— 1	—	—	—	— 8	—	— 9	1,633	700	—
3rd quarter	—	—	—	—	—256	— 3	—	—259	1,374	959	—
4th quarter	—	—	—	—	—	—	—	—	1,374	959	—
1972 1st quarter	—	— 11	—	—	—	— 10	—	— 21	1,364	970	—
2nd quarter	—	—	—292	—	— 21	— 92	— 83	—488	873(6)	1,458	292
3rd quarter	—	—	+259	—	—	—	—	+259	1,132	1,215	49
4th quarter	—	—	—	—	—	—	—	—	1,132	1,215	49
1973 1st quarter	—	—	—	—	—	—	—	—	1,132	1,215	49
2nd quarter	—	—	—	—	—	—	—	—	1,189(6)	1,215	49
3rd quarter	—	—	—	—	—	—	—	—	1,189	1,215	49
4th quarter	—	—	—	—	—	—	—	—	1,189	1,215	49
1974 1st quarter	—	—	—	—	—	—	—	—	1,189	1,215	49

(1) UK assets with IMF: increase—/decrease+. UK liabilities to IMF: increase+/decrease—. From first quarter 1972 valued at current market rates of exchange. (2) Drawings (—) and repurchases (+) in sterling by other countries.
(3) IMF receipts of sterling as UK payments of charges on drawings; these ended in 1969 and were repurchased in April 1972.
(4) The amount, valued at parity the United Kingdom could draw without raising IMF holdings of sterling beyond 200 per cent of quota. The United Kingdom quota was raised in November 1970, from $2,440 million (£1,017 million) to $2,800 million (£1,167 million). From March 1972 the unit of account of the IMF was changed from dollars to SDRs. The quota is therefore now expressed as SDR 2,800 million (£1,167 million).
(5) Includes additional sterling subscription of £113 million. (6) Includes maintenance of value adjustments of —£3 million in May 1972 to maintain a constant value in terms of SDRs of the Fund's holdings of sterling following the Fund's decision to value certain currencies at market rates of exchange, and £57 million in May 1973 consequent upon the sterling float.

Official long-term borrowing (1)

TABLE 16 — End of period — £ million

	Inter-government loans											Other official long-term capital (5)
	Western Europe		USA						Canada	Overseas sterling area	Total(4)	
	German Federal Republic	Portugal	Lend-lease	Line of credit	ECA(2)	MSA(3)	Export-Import Bank credit	Other	Line of credit	Pakistan		
1968	25	23	197	1,262	108	18	220	1	369	3	2,226	21
1969	70	17	193	1,235	103	17	231	1	361	3	2,232	23
1970	60	12	188	1,208	98	17	197	1	353	3	2,137	23
1971 1st quarter ..	60	12	188	1,208	98	17	201	1	353	3	2,141	23
2nd quarter ..	52	12	188	1,208	95	16	179	1	353	3	2,108	23
3rd quarter ..	52	7	188	1,208	95	16	179	1	353	3	2,103	23
4th quarter ..	48	7	170	1,088	85	15	145	1	345	2	1,906	—
1972 1st quarter ..	48	7	170	1,088	85	15	128	1	345	2	1,889	—
2nd quarter ..	48	7	170	1,088	83	15	109	1	345	2	1,867	—
3rd quarter ..	48	2	170	1,088	83	14	109	1	345	2	1,862	—
4th quarter ..	48	2	166	1,062	80	14	90	1	337	2	1,802	—
1973 1st quarter ..	43	2	149	956	72	13	81	1	303	2	1,622	—
2nd quarter ..	43	2	149	956	69	12	64	1	303	2	1,602	—
3rd quarter ..	43	—	149	956	69	12	64	1	303	2	1,600	—
4th quarter ..	43	—	145	932	67	12	48	1	295	2	1,545	—
1974 1st quarter ..	43	—	145	932	67	12	48	1	295	2	1,545	—

(1) Figures are calculated to end-September 1971 at $2.40 = £1; from end-December 1971 to end-December 1972 at $2.6057 = £1 and from end-March 1973 at $2.8952 = £1.
(2) Economic Co-operation Administration.
(3) Mutual Security Agency.
(4) The components are rounded independently from the overall total.
(5) Deutsche Bundesbank loan.

Official long-term lending

TABLE 17 — End of period — £ million

	Inter-government loans(1)									Other official long-term capital(2)
	Overseas sterling countries				Western Europe		Latin America	Other non-sterling countries	Total(2)	
	India	Pakistan	Kenya	Other	Turkey	Other				
1968	272	58	50	208	37	2	13	99	739	402
1969	289	67	54	229	39	2	10	101	791	453
1970	325	75	59	261	43	2	6	104	875	475
1971 1st quarter	346	77	61	280	42	2	6	105	919	481
2nd quarter	349	78	61	281	43	2	5	105	924	487
3rd quarter	360	79	61	294	44	2	5	105	951	490
4th quarter	374	80	62	289	45	2	5	106	963	537
1972 1st quarter	385	81	64	277	47	2	4	108	968	538
2nd quarter	391	82	64	279	48	2	4	109	979	544
3rd quarter	395	82	63	283	48	2	4	109	986	549
4th quarter	413	82	64	304	49	2	4	110	1,029	604
1973 1st quarter	440	84	65	313	50	2	4	114	1,071	616
2nd quarter	442	85	65	313	49	2	4	115	1,074	620
3rd quarter	446	85	65	316	48	2	4	117	1,083	635
4th quarter	448	86	65	319	47	2	4	119	1,091	703
1974 1st quarter	495	87	66	325	47	2	4	122	1,148	698

(1) Some loans have, by agreement with the debtor country, been written down either in whole or in part. Such changes are reflected in the entries in this table but are not recorded as repayments in the general balance of payments tables or in Table 9.
(2) The components are rounded independently from the overall total.
(3) Subscriptions to international financial organisations (excluding the IMF) and other official assets.

External liabilities and claims of United Kingdom banks in overseas currencies (1)

TABLE 18 — End of period — £ million

	Total all currencies	Currency		Area of holder			
		US dollars	Other overseas currencies	European Economic Community	Overseas sterling countries(2)	Western Europe(3)	Other countries(4)
United Kingdom liabilities							
1968	7,223	6,404	819		630	3,917	2,676
1969	12,083	10,728	1,355		1,138	6,709	4,236
1970	15,283	13,086	2,197		1,410	9,045	4,828
1971 1st quarter	15,415	12,950	2,465		1,369	9,012	5,034
2nd quarter	16,494	13,691	2,803		1,535	9,470	5,489
3rd quarter	17,234	13,926	3,308		1,465	10,043	5,726
4th quarter(5)	17,685	14,172	3,513		1,422	10,473	5,790
	17,605	14,146	3,459		1,406	10,423	5,776
1972 1st quarter	18,333	14,810	3,523		1,364	10,891	6,078
2nd quarter	20,569	16,296	4,273		1,764	12,183	6,622
3rd quarter	22,823	18,183	4,640		1,887	13,173	7,763
4th quarter	25,460	20,539	4,921		2,285	14,327	8,848
1973 1st quarter	27,498	21,834	5,664	7,504	2,435	7,130	10,429
2nd quarter	28,426	21,361	7,065	8,068	2,757	7,267	10,334
3rd quarter	34,003	25,458	8,545	10,503	3,510	8,791	11,199
4th quarter	39,017	29,770	9,247	12,606	3,843	9,737	12,831
1974 1st quarter	43,143	33,711	9,432	13,061	4,588	10,353	15,141
United Kingdom claims							
1968	7,187	6,245	942		247	2,166	4,774
1969	12,083	10,514	1,569		631	3,570	7,882
1970	14,816	12,189	2,627		1,065	6,270	7,481
1971 1st quarter	14,858	12,228	2,630		1,179	6,780	6,899
2nd quarter	15,811	12,892	2,919		1,508	7,378	6,925
3rd quarter	16,537	12,944	3,593		1,733	7,972	6,832
4th quarter(5)	16,786	13,104	3,682		2,071	8,167	6,548
	16,680	13,023	3,657		2,062	8,139	6,479
1972 1st quarter	17,309	13,554	3,755		2,257	8,323	6,729
2nd quarter	19,642	15,280	4,362		2,690	9,241	7,711
3rd quarter	21,692	17,003	4,689		2,838	10,353	8,501
4th quarter	24,019	19,422	4,597		3,629	11,165	9,225
1973 1st quarter	26,084	20,084	6,000	9,788	3,491	3,384	9,421
2nd quarter	26,721	19,911	6,810	9,611	4,024	3,629	9,457
3rd quarter	31,833	23,550	8,283	11,224	4,781	3,868	11,960
4th quarter	36,274	28,174	8,100	12,518	5,683	3,923	14,150
1974 1st quarter	40,170	32,112	8,058	13,034	6,902	3,913	16,321
Net liabilities(6)							
1968	36	159	—123		383	1,751	—2,098
1969	—	214	—214		507	3,139	—3,646
1970	467	897	—430		345	2,775	—2,653
1971 1st quarter	557	722	—165		190	2,232	—1,865
2nd quarter	683	799	—116		27	2,092	—1,436
3rd quarter	697	982	—285		—268	2,071	—1,106
4th quarter(5)	899	1,068	—169		—649	2,306	— 758
	925	1,123	—198		—656	2,284	— 703
1972 1st quarter	1,024	1,256	—232		—893	2,568	— 651
2nd quarter	927	1,016	— 89		—926	2,942	—1,089
3rd quarter	1,131	1,180	— 49		—951	2,820	— 738
4th quarter	1,441	1,117	324		—1,344	3,162	— 377
1973 1st quarter	1,414	1,750	—336	—2,284	—1,056	3,746	1,008
2nd quarter	1,705	1,450	255	—1,543	—1,267	3,638	877
3rd quarter	2,170	1,908	262	— 721	—1,271	4,923	— 761
4th quarter	2,743	1,596	1,147	88	—1,840	5,814	—1,319
1974 1st quarter	2,973	1,599	1,374	27	—2,314	6,440	—1,180

(1) Including revaluations in sterling terms, from the third quarter of 1971, which are excluded from Table 3.
(2) Excluding the Irish Republic from January 1973.
(3) Excluding the European Economic Community from January 1973.
(4) Including unallocated items; under liabilities these are mainly certificates of deposit which are thought to be held by residents of non-sterling countries. (5) From the end of 1971 commercial bills held by banks on behalf of customers are excluded. Figures for the fourth quarter 1971 are given both including and excluding these bills. (6) Minus sign indicates that claims exceed liabilities.

Exchange reserves in sterling; and banking and money market liabilities in sterling to holders other than central monetary institutions

TABLE 19 — End of period — £ million

	Exchange reserves in sterling held by central monetary institutions					Banking and money market liabilities to holders other than CMIs		
	Total(1)	British government stocks(2)	Banking and money market liabilities			Total	External deposits (3)	Treasury bills
			Total	External deposits (3)	Treasury bills(4)			
Overseas sterling countries(5)								
1968	1,650	938	712	343	368	984	984	3
1969	2,039	1,197	842	535	307	936	935	2
1970	2,254	1,286	968	630	339	1,111	1,108	3
1971 1st quarter	2,475	1,342	1,133	725	408	1,171	1,168	3
2nd quarter	2,690	1,367	1,323	778	545	1,174	1,171	3
3rd quarter	2,760	1,310	1,450	835	615	1,276	1,274	2
4th quarter	2,740	1,298	1,442	750	692	1,480	1,478	2
1972 1st quarter	2,884	1,361	1,523	885	638	1,474	1,472	2
2nd quarter	2,931	1,360	1,571	942	629	1,419	1,416	3
3rd quarter	2,943	1,318	1,625	851	774	1,410	1,406	4
4th quarter	3,159	1,441	1,718	876	842	1,319	1,317	2
Non-sterling countries(6)								
1968	153	11	142	63	80	475	472	2
1969	107	7	100	36	64	470	469	2
1970	111	9	102	69	34	562	561	1
1971 1st quarter	122	9	113	88	25	562	562	—
2nd quarter	191	9	182	143	39	556	555	1
3rd quarter	204	9	195	170	25	694	693	1
4th quarter	290	9	281	246	35	902	901	1
1972 1st quarter	347	9	338	283	55	911	910	1
2nd quarter	322	6	316	264	52	799	799	—
3rd quarter	226	8	218	181	37	803	803	—
4th quarter	202	13	189	155	34	972	971	1
International organisations(7)								
1968	117	12	105	11	94	—	—	—
1969	173	79	94	18	76	—	—	—
1970	182	86	96	14	82	—	—	—
1971 1st quarter	179	91	88	19	69	—	—	—
2nd quarter	172	99	73	15	58	—	—	—
3rd quarter	179	109	70	17	53	—	—	—
4th quarter	210	109	101	10	91	—	—	—
1972 1st quarter	210	109	101	14	87	—	—	—
2nd quarter	224	112	112	27	85	—	—	—
3rd quarter	222	118	104	28	76	—	—	—
4th quarter	257	118	139	17	122	—	—	—
Total								
1968	1,920	961	959	417	542	1,460	1,455	5
1969	2,319	1,283	1,036	589	446	1,407	1,404	5
1970	2,547	1,381	1,166	712	455	1,673	1,670	3
1971 1st quarter	2,776	1,442	1,334	832	502	1,733	1,730	3
2nd quarter	3,053	1,475	1,578	936	642	1,730	1,726	4
3rd quarter	3,143	1,428	1,715	1,022	693	1,970	1,967	3
4th quarter	3,240	1,416	1,824	1,006	818	2,382	2,379	3
1972 1st quarter	3,441	1,479	1,962	1,182	780	2,385	2,382	3
2nd quarter	3,477	1,478	1,999	1,233	766	2,218	2,215	3
3rd quarter	3,391	1,444	1,947	1,060	887	2,213	2,209	4
4th quarter	3,618	1,572	2,046	1,048	998	2,291	2,288	3

Exchange reserves in sterling; and banking and money market liabilities in sterling to holders other than central monetary institutions

TABLE 19 (*continued*) End of period £ million

	Exchange reserves in sterling held by central monetary institutions					Banking and money market liabilities to holders other than CMIs		
	Total(1)	British government stocks(2)	Banking and money market liabilities			Total	External deposits(3)	Treasury bills
			Total	External deposits(3)	Treasury bills(4)			
European Economic Community								
1973 1st quarter	264	107	157	125	32	448	447	1
2nd quarter	267	107	160	131	29	477	475	2
3rd quarter	288	107	181	152	29	447	447	—
4th quarter	288	107	181	159	22	468	467	1
1974 1st quarter	280	86	194	174	20	476	475	1
Overseas sterling countries(5)								
1973 1st quarter	3,100	1,347	1,753	1,075	678	1,162	1,161	1
2nd quarter	3,083	1,447	1,636	976	660	1,119	1,117	2
3rd quarter	2,716	1,330	1,386	907	479	1,079	1,077	2
4th quarter	2,771	1,279	1,492	1,026	466	971	970	1
1974 1st quarter	2,990	1,256	1,734	1,183	551	919	919	—
Other countries								
1973 1st quarter	186	12	174	109	65	644	643	1
2nd quarter	304	12	292	262	30	737	735	2
3rd quarter	224	12	212	186	26	732	729	3
4th quarter	310	42	268	244	24	816	814	2
1974 1st quarter	374	190	184	163	21	809	805	4
International organisations(7)								
1973 1st quarter	271	126	145	17	128	—	—	—
2nd quarter	264	126	138	19	119	—	—	—
3rd quarter	266	126	140	25	115	—	—	—
4th quarter	310	128	182	20	162	—	—	—
1974 1st quarter	298	128	170	23	147	—	—	—
Total								
1973 1st quarter	3,821	1,592	2,229	1,326	903	2,254	2,251	3
2nd quarter	3,918	1,692	2,226	1,388	838	2,333	2,327	6
3rd quarter	3,494	1,575	1,919	1,270	649	2,258	2,253	5
4th quarter	3,679	1,556	2,123	1,449	674	2,255	2,251	4
1974 1st quarter	3,942	1,660	2,282	1,543	739	2,204	2,199	5

(1) Sterling reserves of overseas countries and international organisations (other than the IMF) as reported by UK banks, etc. Excludes the following official funds totalling about £690 million in June 1973; trust, pension and other earmarked funds, holdings of equities and funds held locally with commercial banks. In addition about £130 million of Commonwealth sterling securities, which are primarily liabilities not of the UK but of countries issuing the securities, are known to be held as part of overseas countries' sterling reserves.

(2) At nominal values. The flows resulting from changes in holdings, shown in Table 3 are estimated at transaction values.

(3) Deposits with banks, local authorities and hire purchase finance companies.

(4) Including certain non-interest-bearing notes.

(5) Including Libya up to the end of 1971, thereafter included in non-sterling countries.

(6) See footnote (5).

(7) Excluding IMF.

(8) Excluding Republic of Ireland.

Official reserves (1)

TABLE 20 — End of period — £ million

	Total	Gold	IMF Special Drawing Rights	Convertible currencies	Reserve position in the IMF (2)
1968	1,009	614	—	395	
1969	1,053	613	—	440	
1970	1,178	562	111	505	
1971 1st quarter	1,382	468	201	713	
2nd quarter	1,508	335	203	970	
3rd quarter	2,089	324	230	1,535	
4th quarter	2,526	323	246	1,957	
1972 1st quarter	2,715	313	384	2,018	
2nd quarter	2,673	313	233	2,127	
3rd quarter	2,337(3)	307	246	1,735	49(3)
4th quarter	2,167	307	252	1,559	49
1973 1st quarter	2,085	311	252	1,473	49
2nd quarter	2,422	311	250	1,812	49
3rd quarter	2,204	306	250	1,599	49
4th quarter	2,237	306	250	1,632	49
1974 1st quarter	2,226	306	250	1,621	49

(1) Figures are calculated to end-September 1971 at $2.40 = £1; from end-December 1971 to end-December 1972 at $2.6057 = £1 and from end-March 1973 at $2.8952 = £1.
(2) Represents an automatic drawing right on the Fund and equals the amount by which the UK quota exceeds holdings of sterling by the IMF; apart from UK drawings/repurchases, it will rise or fall as other countries draw sterling from or repay sterling to the IMF.
(3) From July 1972, the official reserves were redefined to include the reserve position in the IMF. From end-April to end-June 1972 this stood at £292 million.

Official short and medium-term borrowing (1)

TABLE 21 — End of period — £ million

	IMF (2)	Swiss loan (3)	Other official borrowing(4)		Total
			Foreign currency	Sterling	
1968	1,134	11	211	2,007	3,363
1969	1,104	—	150	1,410	2,664
1970	970	—	—	399	1,369
1971 1st quarter	683	—	—	—	683
2nd quarter	675	—	—	—	675
3rd quarter	415	—	—	—	415
4th quarter	415	—	—	—	415
1972 1st quarter	405	—	—	—	405
2nd quarter	—	—	—	1,001	1,001
3rd quarter	—	—	—	—	—
4th quarter	—	—	—	—	—
1973 1st quarter	—	—	—	—	—
2nd quarter	—	—	—	—	—
3rd quarter	—	—	—	—	—
4th quarter	—	—	—	—	—
1974 1st quarter	—	—	—	—	—

(1) Figures are calculated to end-September 1971 at $2.40 = £1 and from end-December 1971 at $2.6057 = £1.
(2) Drawings from the IMF, excluding interest and charges, and net of repayments and drawings of sterling from the IMF by other countries, see Table 14, Official financing, and Table 15, UK account with IMF. From July 1972, excludes transactions affecting the UK gold tranche.
(3) Borrowing from Switzerland, with a sterling counterpart, in parallel with drawings from the IMF under the General Arrangements to Borrow.
(4) Borrowing from other monetary authorities in the form of foreign currency deposits and assistance with a sterling counterpart.

The 'effective' exchange rate for sterling[1]

Introduction

The rate of exchange of most currencies is conventionally expressed in terms of a numeraire, the United States dollar. This is the 'nominal' rate of exchange, and the 'nominal' appreciation or depreciation of a currency is normally expressed as the change in its dollar exchange rate. However, when a number of currencies' exchange rates change simultaneously against the numeraire, the change (if any) in the dollar exchange rate of any one currency may be a very misleading measure of the overall appreciation or depreciation of that particular currency. From the Bretton Woods Agreement of 1944 until the period leading to the Smithsonian Agreement of 1971, the US dollar provided a reasonably accurate benchmark for measuring changes in the value of other currencies. This was because up to that time the value of most currencies remained fairly stable in terms of the US dollar, and significant 'step' changes to exchange values were infrequent and confined. But with greater flexibility in exchange rates the nominal appreciation or depreciation against the US dollar may give a misleading impression of the change, because other currencies may be adjusting relationships at the same time. This article describes the method used by the United Kingdom Treasury and the Bank of England to calculate the implications of a set of currency changes for the UK One theoretical model for evaluating these implications has been set out in a recent article by J. R. Artus and R. R. Rhomberg[2] of the International Monetary Fund, and the present article is based on earlier work by them. The matrices of weights used for the calculations are those developed by the Fund, and we are grateful for their agreement to publish them in this article.

The measurement problem

Essentially the methodology involves devising an appropriate index for the changing value of individual currencies. Thus the index of the 'effective' exchange rate for sterling relates the changing value of sterling to some appropriate base date. There is no unique method of indexing the value of a currency, the weighting of the index being determined by what it is designed to measure. In calculating an index of changes in the effective exchange rate for sterling the aim is to measure how variations in the value of sterling against other currencies might affect the United Kingdom visible trade balance.

The weights are derived from a theoretical multilateral world trade model which analyses how the pattern of world trade alters both between commodities and countries when exchange rates change. The effective exchange rate index measures the unilateral exchange rate change that has the same effect on the particular country's trade balance as an entire set of multilateral exchange rate changes. The multilateral trade model solves these calculations. It calculates a set of weights by which exchange rate changes against an entire set of currencies can be weighted into an effective exchange rate index. Thus if the effective rate for sterling is initially indexed at 100, and then it falls to 90, this means that the changes in the exchange rates of other currencies which cause this depreciation are likely in time to bring about the same change in the United Kingdom visible trade balance as caused by a 10 per cent devaluation of sterling with all other exchange rates remaining unchanged.

It is important to bear in mind that the composition of the change in the visible trade balance in terms of exports and imports, or prices and volume, may be quite different from the movements resulting from some other set of exchange rate changes with the same overall effect. For example, if the effective rate depreciates at a time when sterling has depreciated against all other currencies then it is reasonable to assume that the effective depreciation will raise import prices in domestic currency terms. However, while sterling might depreciate overall in effective terms it may still appreciate against some currencies. If the exports of these latter countries feature sufficiently strongly in United Kingdom imports it is conceivable that United Kingdom import prices taken as a whole might remain unchanged or even fall, although sterling will have depreciated in effective terms. A separate exercise would be required to determine the effect on United Kingdom import prices in domestic currency terms of a given set of multilateral exchange rate changes.

Details of the model

Ideally it would be desirable to include as many countries and commodity groupings as possible in the model. However, practicability imposes constraints on the size of the model. Accordingly, five commodity groups and eleven countries make up the model. These are listed in Table A.

TABLE A

Commodity groups	Countries	
Food, etc.	United States of America	Germany
Crude materials		Italy
Fuels	Canada	Netherlands
Manufactures	Japan	Sweden
Non-traded goods (items which do not enter into external trade)	Belgium	Switzerland
	France	United Kingdom

By limiting the model to these eleven countries it is assumed that all adjustments to trading patterns take place within this group of countries and that exchange rate changes of countries not included in this group do not affect the pattern of trade within the group.

(1) The effective rate is made available each day by the Bank of England through the news agencies; and it is published monthly in *Financial Statistics* (HMSO) and quarterly in the *Bank of England Quarterly Bulletin*. It will also in future be published in *Economic Trends*.

(2) 'A Multilateral Exchange Rate Model', *International Monetary Fund Staff Papers*, Vol. XX No. 3, November 1973.

In practice this assumption should not significantly distort the results, at least insofar as the calculations can be said to be mainly relevant to a medium-term time-horizon. This is because very broadly, over this time-period, exchange rate adjustments by the excluded countries are likely to exert only a limited effect on their own trade and on the pattern of world trade as a whole. Most of the excluded countries (not all) are countries where primary products occupy a major share of total exports. World market supply of, and demand for, primary products are not much affected by the producing countries' exchange rates in the short to medium term. Thus export earnings in foreign currency terms are not significantly influenced by changes in the foreign currency value of the domestic currency. Moreover the flow of imports into these countries is generally governed by the availability of foreign exchange derived from export earnings rather than by changes in the domestic prices of imports: one reason for this is that the possibility of substituting home goods for goods produced overseas is limited. In the longer run, however, exchange rate changes affect domestic incomes and profitability and consequences for the trade balance might follow. Countries which rely on industrial exports for their export earnings are in a different position. Industrial goods tend not to be perfect substitutes for each other so that there is no world price for (say) 'cars' or 'lathes'. The changes in relative prices do cause some shift in demand from the expensive to the relatively cheaper markets. Hence, if an industrial country changes the foreign exchange value of its domestic currency (say by depreciating), its products become cheaper in overseas markets as well as becoming more competitive in relation to imported goods in its domestic market. Moreover, imports into industrial countries are not generally governed by foreign exchange constraints.

Table B sets out the information required to form the respective demand functions in accordance with the simplifying assumptions set out in Appendix II. The assumptions about demand accord with what empirical information is available. Supply elasticities were selected by the IMF on an *a priori* basis. To complete the picture a trade matrix is required setting out the included countries' trade shares with each other. The matrix was constructed from data in the 1969 edition of the Foreign Trade Statistics Bulletins: Series A, B and C of the Organisation for Economic Co-operation and Development. Although more recent data (for 1972) are now available the changes which have taken place in the pattern of trade between 1969 and 1972 are not considered to be significant enough to justify updating the matrix.

On the demand side substitution is assumed to take place within commodity groupings but not between groupings. Thus British manufactured goods compete with manufactured goods produced by other industrial countries in the British domestic market, in each country's domestic market and in third markets, but not with non-manufactured goods. This is a working assumption, but possibly not far from the truth.

The information in Table B, together with the trade matrix *plus* the theoretical specification of the multilateral trade model implied by the weighting scheme, is used to form the matrix shown in Table C. This matrix when combined with a normalized([3]) set of exchange rates expressed as percentage deviations from their levels at a base date, taken for this purpose as 19 December 1971, provides a set of trade-weighted effective rate changes for all the currencies in the model.

The nominal exchange rate changes fed into the model should in theory be changes in exchange rates measured against a standard of value. If and when the proposal to determine the value of the Special Drawing Right (SDR) in terms of a basket of currencies is adopted, it

([3]) The normalization routine is explained below.

Basic parameters for all countries

TABLE B

A. Demand parameters

	Internationally traded goods				
	Food, etc.	Crude materials	Fuels	Manufactures	Non-traded goods
Elasticity of substitution between any pair of supplying countries..	—1·50	—1·50	—1·50	—2·50	—
Price elasticity of demand	—0·50	—0·50	—0·50	—1·00	—1·10
Expenditure elasticity	0·50	0·50	0·50	1·00	1·10

B. Price elasticities of supply

	With respect to a change in the price of:				
	Food, etc.	Crude materials	Fuels	Manufactures	Non-traded goods
Food, etc.	2·0	—	—	—0·3	—0·7
Crude materials	—	1·0	—	—0·3	—0·2
Fuels	—	—	—	—	—
Manufactures	—0·1	—0·05	—	3·0	—1·2
Non-traded goods	—0·1	—0·02	—	—0·7	3·0

Matrix of weights for calculating the effective exchange rate index

TABLE C

	United States of America	Canada	Japan	Belgium	France	Germany	Italy	Nether-lands	Sweden	Switzer-land	United Kingdom
United States of America	1·000	—·203	—·172	—·057	—·077	—·144	—·054	—·060	—·022	—·027	—·126
Canada	—·673	1·000	—·082	—·031	—·027	—·074	—·037	—·037	—·002	—·007	—·156
Japan	—·687	—·069	1·000	—·011	—·051	—·158	—·019	—·010	—·013	—·028	—·121
Belgium	—·190	—·013	—·038	1·000	—·196	—·251	—·025	—·194	—·018	—·022	—·096
France	—·164	—·016	—·043	—·135	1·000	—·275	—·094	—·046	—·020	—·045	—·109
Germany	—·232	—·017	—·054	—·128	—·166	1·000	—·081	—·114	—·041	—·054	—·126
Italy	—·221	—·021	—·047	—·054	—·163	—·255	1·000	—·050	—·018	—·028	—·101
Netherlands	—·119	—·011	—·031	—·171	—·124	—·260	—·050	1·000	—·021	—·027	—·125
Sweden	—·202	—·016	—·054	—·049	—·079	—·250	—·086	—·049	1·000	—·024	—·140
Switzerland	—·179	—·045	—·071	—·043	—·092	—·166	—·052	—·027	—·030	1·000	—·157
United Kingdom ..	—·317	—·055	—·080	—·077	—·104	—·200	—·060	—·066	—·039	—·035	1·000

could form this standard. Currently, however, the SDR is effectively fixed in terms of the US dollar, and so, in practice, the rates used for the purposes of the Treasury/Bank calculations are measured against a weighted average of currencies. However, the errors resulting from this approach are minimal. This normalized set is derived in the following stages:

(i) Take the percentage deviations of the ten non-US countries' exchange rates against the US dollar from their Smithsonian middle rates, which were as follows:

Sterling([4])	2·6057	Lira	581·50
Canadian dollar([5])	1·0000	Guilder	3·2447
Belgian franc	44·8159	Swedish krona	4·8129
French franc	5·1157	Swiss franc	3·8400
Deutschemark	3·2225	Yen	308·00

(ii) Weight these deviations according to each country's share in OECD trade.

These weights are:

United Kingdom = ·101	Italy = ·068
Canada = ·079	Netherlands = ·063
Belgium = ·055	Sweden = ·033
France = ·092	Switzerland = ·026
Germany = ·176	Japan = ·108

(iii) For each currency express the percentage deviations in (i) as a percentage of this weighted sum. The normalized US exchange rate is the reciprocal of the weighted sum expressed as a percentage. The set of normalized exchange rates can be combined with the matrix of weights to give the set of effective rates.

These stages can best be illustrated by way of a numerical example:

(i) On 30 April 1974 the closing rates against the US dollar expressed as percentage deviations from their base value at the time of the Smithsonian Agreement (19 December 1971) were as tabulated:

Canada	4·12	Italy	—8·18
Japan	10·25	Netherlands	25·80
Belgium	18·81	Sweden	12·55
France	4·45	Switzerland	31·05
Germany	31·35	United Kingdom	—6·96

(ii) The weighted sum of the appreciation against the US dollar is 9·98 per cent in which case the weighted percentage depreciation of the US dollar was 100/109·98 = —9·08 per cent.

(iii) The normalized exchange rate change for Japan is therefore 110·25/109·98 = 0·24 per cent. The set of normalized rates is therefore:

United States of America	—9·08	Italy	—16·52
Canada	—5·33	Netherlands	14·38
Japan	0·24	Sweden	2·33
Belgium	8·02	Switzerland	19·15
France	—5·03	United Kingdom	—15·41
Germany	19·43		

(iv) These normalized exchange rate changes are now multiplied by the bottom row of the matrix in Table C to obtain the effective exchange rate change for the United Kingdom:

(—9·08 × —·317)+(—5·33 × —·055)+(·24 × —·08)+(8·02 × —·077)+(—5·03 × —·104)+(19·43 × —·2)+(—16·52 × —·06)+(14·38 × —·066)+(2·33 × —·039)+(19·15 × —·035) —15·41 = —16·95 per cent.

That is, the trade weighted effective depreciation of sterling was 16·95 per cent. In this instance —15·41 per cent may be viewed as an initial approximation of the effective depreciation of sterling with the balance of —1·54 per cent representing additional refinements.

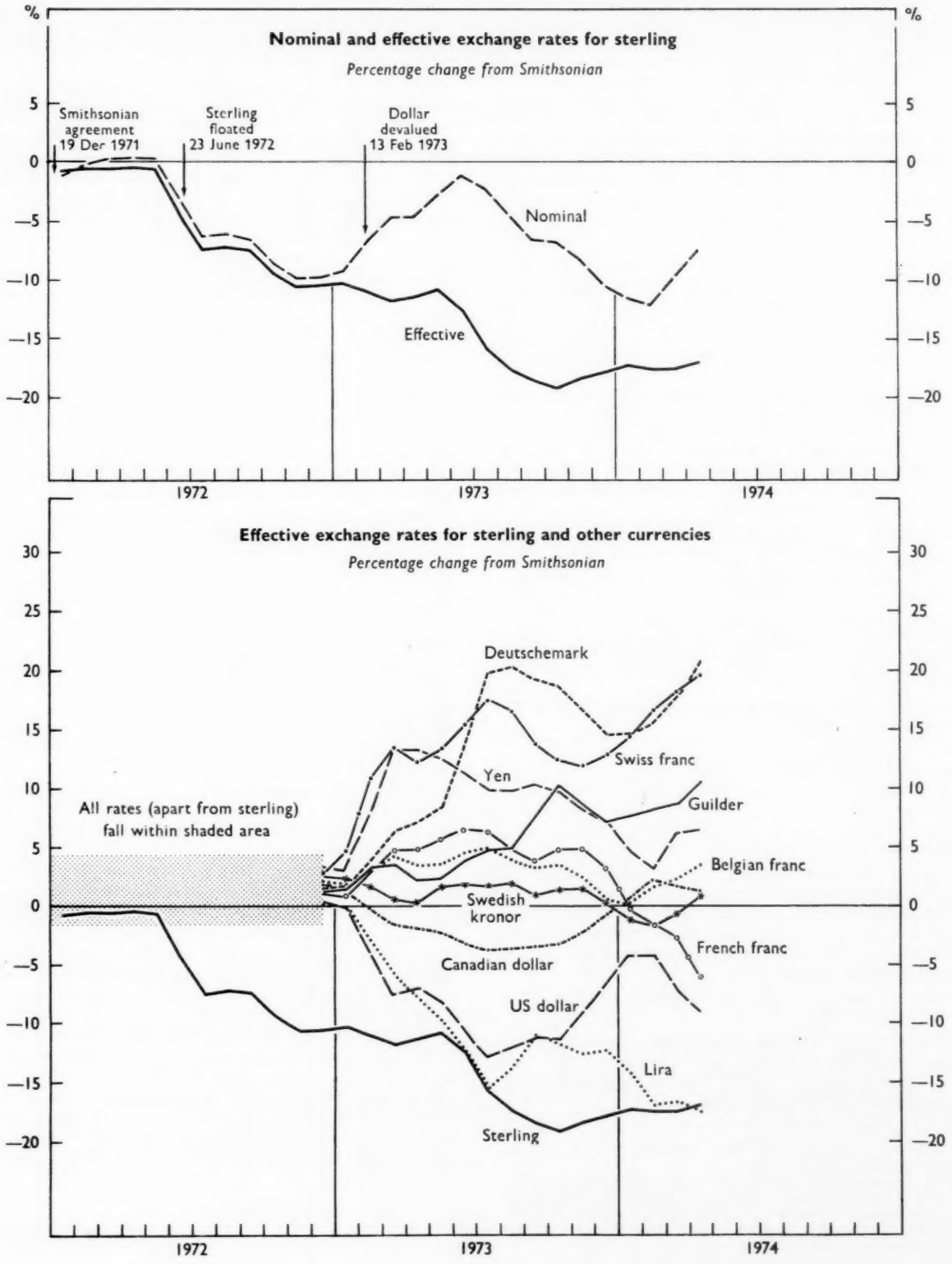
To obtain the effective rate for any other currency using this method the same normalized exchange rate changes are multiplied by the appropriate row of the matrix. For example, the effective rate for the French franc is obtained by weighting the normalized exchange rate changes according to the fifth row of the matrix.

HM Treasury

([4]) US$ per £ sterling, other rates represent units of national currency per US$.

([5]) The Canadian dollar continued to float following the Smithsonian Agreement, but for the sake of convenience its exchange rate is assumed at parity with the US dollar. (Immediately prior to the Smithsonian Conference the exchange rate for the Canadian$ was US$ 1·0036.)

Effective exchange rates calculated by the Treasury method



APPENDIX I

Nominal exchange rates

Percentage change from Smithsonian

TABLE 1 — Monthly averages (1)

	Sterling	Canadian dollar	Belgian franc	French franc	Deutsche-mark	Lira	Guilder	Swedish krona	Swiss franc	Yen
1972 January	— 1·25	— 0·39	1·00	— 1·18	— 0·51	— 1·73	0·74	— 0·54	— 1·39	— 1·47
February	— 0·22	— 0·33	2·09	0·31	0·77	— 1·17	1·97	0·14	— 0·80	0·23
March	0·17	0·11	2·11	1·32	1·40	— 0·59	1·87	0·46	— 0·39	1·25
April	0·27	0·54	1·74	1·70	1·53	— 0·29	1·18	0·65	— 0·29	1·15
May	0·24	1·35	1·88	1·97	1·40	— 0·21	0·96	1·09	— 0·34	1·08
June	— 2·99	1·71	2·23	2·27	1·75	0·06	1·68	1·77	0·81	1·68
July	— 6·12	1·58	2·25	2·27	1·78	0·10	1·87	1·82	1·75	2·29
August	— 6·01	1·69	2·16	2·23	1·24	0·06	0·99	1·69	1·69	2·29
September	— 6·58	1·69	1·72	2·13	0·83	— 0·01	0·36	1·54	1·32	2·29
October	— 8·63	1·69	1·51	1·76	0·61	— 0·33	0·36	1·26	1·08	2·29
November	— 9·92	1·13	1·65	1·46	0·70	— 0·55	0·49	1·32	1·40	2·29
December	— 9·81	0·50	1·72	0·62	0·73	— 0·34	0·55	1·39	1·72	2·12
1973 January	— 9·25	0·19	2·02	0·84	1·34	— 0·09	1·33	1·75	3·81	2·16
February	— 6·58	0·26	7·76	7·14	7·52	1·41	7·55	5·02	13·61	8·76
March	— 4·74	0·37	12·91	12·90	13·63	1·36	12·04	7·62	20·45	15·88
April	— 4·69	— 0·09	11·65	12·41	13·59	— 0·83	10·06	6·79	18·52	15·88
May	— 2·96	0·07	13·83	14·86	16·38	— 0·87	12·35	9·53	21·37	16·27
June	— 1·18	0·32	20·28	20·80	25·78	0·56	19·29	14·24	27·74	16·89
July	— 2·26	0·03	25·04	24·47	35·63	0·39	24·56	17·39	33·33	17·20
August	— 4·62	— 0·32	22·48	21·83	34·66	1·10	23·19	16·56	30·92	16·58
September	— 6·51	— 0·55	20·63	19·64	32·29	2·98	24·46	14·38	26·73	16·05
October	— 6·88	— 0·21	21·82	20·97	32·67	2·55	27·90	14·95	25·33	15·70
November	— 8·23	0·07	17·35	17·60	27·17	— 1·02	22·53	12·06	21·83	12·66
December	—10·46	0·21	10·93	11·55	21·01	— 4·01	16·34	7·07	19·07	10·07
1974 January	—11·66	0·78	7·55	5·83	18·00	— 8·33	13·77	3·24	18·08	6·54
February	—12·01	2·17	8·91	4·17	18·65	—11·16	14·33	2·58	20·19	5·01
March	— 9·83	2·99	12·94	6·51	23·89	— 8·48	18·46	6·53	24·92	9·30
April	— 7·53	3·46	16·68	5·83	29·31	— 7·45	23·28	10·95	29·16	11·03

(1) The figures shown for each month are averages of the end-month rate for that month and the end-month rate for the preceding month.

Effective exchange rates

Percentage change from Smithsonian

TABLE 2 — Monthly averages(1)

	Sterling	United States dollar	Canadian dollar	Belgian franc	French franc	Deutsche-mark	Lira	Guilder	Swedish krona	Swiss franc	Yen
1972 January	— 0·86	0·75	— 0·05	1·47	— 0·76	— 0·02	— 1·23	1·24	0·08	— 0·74	— 1·12
February	— 0·61	— 0·24	— 0·47	1·51	— 0·11	0·37	— 1·59	1·48	— 0·13	— 1·02	0·15
March	— 0·61	— 0·77	— 0·27	1·08	0·55	0·67	— 1·45	0·95	— 0·23	— 1·00	0·90
April	— 0·55	— 0·86	0·17	0·71	0·92	0·81	— 1·21	0·21	— 0·10	— 0·97	0·72
May	— 0·64	— 1·03	1·00	0·86	1·20	0·60	— 1·15	— 0·05	0·36	— 1·06	0·61
June	— 4·20	— 0·99	1·71	1·16	1·55	1·05	— 0·85	0·81	1·24	0·39	1·46
July	— 7·42	— 0·72	2·00	1·41	1·80	1·37	— 0·56	1·33	1·65	1·78	2·40
August	— 7·12	— 0·61	2·18	1·61	1·96	0·94	— 0·40	0·58	1·69	1·81	2·48
September	— 7·51	— 0·38	2·35	1·50	2·16	0·75	— 0·23	0·25	1·80	1·65	2·65
October	— 9·42	— 0·02	2·71	1·62	2·16	0·92	— 0·21	0·67	1·95	1·83	2·97
November	—10·69	0·25	2·35	1·90	1·94	1·21	— 0·28	0·96	2·21	2·40	3·16
December	—10·51	0·39	1·70	2·10	1·05	1·32	0·05	1·08	2·35	2·78	3·22
1973 January	—10·30	— 0·15	1·23	1·88	0·90	1·59	— 0·10	1·45	2·39	4·69	2·98
February	—11·00	— 3·95	— 0·36	2·89	2·97	3·76	— 2·94	3·08	1·57	10·83	7·84
March	—11·85	— 7·50	— 1·60	4·05	4·75	6·25	— 5·95	3·45	0·55	13·60	13·05
April	—11·40	— 7·00	— 1·90	3·40	4·90	7·00	— 7·65	2·05	0·25	12·05	13·20
May	—10·90	— 8·03	— 2·25	3·53	5·64	8·21	— 9·67	2·34	1·59	13·23	12·61
June	—12·46	—10·98	— 3·10	4·53	6·44	13·41	—12·32	3·94	1·89	15·23	11·11
July	—15·92	—12·90	— 3·90	4·95	6·10	19·75	—15·50	4·85	1·70	17·45	9·90
August	—17·42	—12·01	— 3·76	3·91	4·83	20·25	—13·85	4·93	1·90	16·51	9·90
September	—18·40	—11·17	— 3·60	3·19	3·96	19·04	—11·05	7·58	0·95	13·85	10·11
October	—19·09	—11·45	— 3·34	3·40	4·87	18·76	—11·82	10·22	1·20	12·30	9·74
November	—18·36	— 9·23	— 2·17	2·56	4·93	16·68	—12·62	8·72	1·30	11·78	8·15
December	—17·84	— 6·40	— 0·87	0·67	3·08	14·69	—12·21	7·16	0·04	12·69	7·23
1974 January	—17·26	— 4·31	0·56	0·03	— 0·10	14·53	—14·13	7·54	— 1·39	14·23	4·75
February	—17·55	— 4·24	2·06	1·49	— 1·84	15·49	—16·93	8·09	— 1·85	16·56	3·12
March	—17·54	— 7·04	1·66	2·33	— 2·71	17·66	—16·69	8·69	— 0·82	18·02	6·02
April	—16·99	— 9·00	1·15	3·37	— 6·03	20·63	—17·55	10·48	0·98	19·58	6·48

(1) The figures shown for each month are averages of the end-month rate for that month and the end-month rate for the preceding month.

APPENDIX II

Derivation of trade-weighted index

In order to construct the index it is necessary to be able to estimate the effects of any set of exchange rate changes on the demand, supply and price of traded goods. This is done by using a general equilibrium model of world trade, incorporating five 'goods' (one being a non-traded good) and eleven countries. Each good is assumed to be differentiated by its place of production. The countries and commodity groups are in Table A of the article.

Prices are determined by the interaction of supply and demand for each product. The supply elasticities are long run in nature. The proportionate change (in value terms) in the supply of say French cars depends on the proportionate change in the profitability of car production in France *vis a vis* the profitability of other competing production possibilities. The proportionate change in the profitability will in turn depend on the change in the price of cars relative to other commodity groups *minus* the change in relative costs of car production. The cost changes will depend directly on the effects of exchange rate movements on the costs of imports and thereafter indirectly through the costs of domestically produced imports via an input-output schema. Costs will also depend on the rate at which changes in the cost of living implied by changes in exchange rates are reflected in adjustments to wage rates and indirect taxes. These costs will affect final relative costs via the appropriate input-output matrix.

In a similar way, demand schedules are set up relating the quantity of each product demanded by each country to its price expressed in the demanding country's currency and to the prices of competing products. An appreciation of the Deutschemark would make German goods in the United Kingdom more expensive and this would tend to reduce United Kingdom imports from Germany. It would also make United Kingdom goods cheaper in Germany, and this would tend to raise United Kingdom exports to that country. In addition to this United Kingdom goods would be more competitive than German goods in third markets, for example, in France. In this event French imports from Germany might be reduced and United Kingdom (as well as other countries') goods imported in their place. The net effect therefore of a Deutschemark revaluation would be to strengthen the United Kingdom trading account in global terms.

Thus in calculating the impact of an exchange rate change amongst the currencies of the countries listed in Table A, three trade balance effects on the United Kingdom can be identified:

(i) the import effect,
(ii) the export effect,
(iii) the third market effect.

By evaluating these effects for all currencies in the model the total trade balance effect for the United Kingdom is obtained. The next problem is to determine the unilateral change in the sterling exchange rate that would achieve a similar trade balance effect. To do this it is necessary to calculate the effect on United Kingdom imports and exports of a unilateral change in the value of sterling. These two effects might be called:

(iv) the unilaterally induced import effect,
(v) the unilaterally induced export effect.

The unilateral exchange rate change that sets effects (iv) and (v) equal to the effects (i) to (iii) is the change in the effective exchange rate.

The determination of the five effects referred to in the previous paragraphs is based on the following model of behaviour. Each country's output of a given commodity grouping is treated as a distinguishable and separate product. For example, Japanese and German cars could be regarded as competing products. If there are M commodity groups and N countries there will be MN separate products. Each country has a demand function for each of these products based on their relative prices in terms of domestic currency. Thus the Dutch demand for British cars will vary inversely with the guilder price of British cars; Dutch demand for Swedish furniture will vary inversely with the guilder price of Swedish furniture, etc. The total demand for British cars can be calculated by adding up each individual country's demand for British cars, including domestic demand for our own cars. It will, of course, be necessary to exclude domestic demand for domestic output when calculating international trade flows. But it is required to determine the total demand for British cars to derive their price. This is because total demand for British cars is assumed to equal their supply, and the supply of British cars is assumed to depend on their price relative to the prices of other commodities.

Thus there will be MN different demand schedules and an equal number of different supply schedules. The five effects that are set out in the paragraphs above can be decomposed into price effects and volume effects. For example, the value of British exports might rise because the price of British cars falls relative to the prices of other cars. A sterling depreciation, for example, will tend to increase the demand for British cars inducing both volume and price effects.

A multilateral trade model therefore enables us to estimate the implied change in trade flows for a particular country, broken down into volume and price changes, for a given set of exchange rate changes.

These calculations depend on the parameters that are built into the various supply and demand equations of the model. When there are MN distinguishable products and N countries there will be MN^2 demand parameters to be specified. There will also be MN different supply parameters giving a total number of parameters of $MN(1+N)$. As the number of product groups and countries is increased the number of parameter values escalates very rapidly. With five product classifications and eleven countries there would be 660 parameter values to be specified.

Fortunately it is possible to make some simplifying assumptions in order to reduce the enormity of the task of specifying these parameter values.

(i) The elasticities of demand for the various goods can be assumed to be independent of their source of supply, and to be the same in all markets.

(ii) The elasticity of substitution among various products of the same kind can be assumed to be constant and not dependent on market shares. Thus the elasticity of substitution between British cars and French cars is invariant to the matrix of trading patterns.

On the basis of these assumptions individual demand elasticities depend on relatively few parameters. For example, the Dutch price elasticity of demand([6]) for British cars depends on the share of British cars in total Dutch consumption, on the elasticity of substitution in the Dutch market between cars produced by any pair of markets and on the Dutch elasticity of demand for cars in general. The Dutch elasticity of demand([7]) for British cars with respect to the price of Japanese cars would depend on the same parameters, except the share of Japanese cars in total Dutch consumption replaces the share of British cars.

Thus apart from the expenditure elasticities which are required to calculate how changes in total expenditure in one country affects the demand for goods on a geographical basis, the price elasticities of demand can be expressed in terms of the elasticities of substitition between any pair of supplying countries for any given category of traded good, the overall price elasticity of demand for these categories and a matrix of trade shares for the countries that are party to the model. The assumptions about the first two components are set out in Section A of Table B in the article.

The elasticities that are assumed for the purposes of deriving the trade-weighted matrix to be used in the calculations of effective exchange rate changes provide only broad approximations of the probable response. However, some attempt has been made at using empirical information for determining their values. Furthermore, the elasticities are essentially long run so that the model abstracts from the problems of low short-run elasticities. The model therefore implies hypothetical trade flows in response to exchange rate changes.

Finally to close the system, the model assumes that real output is fixed in each country so that the change in trade implied by changes in exchange rates, both across national boundaries and within them, entirely reflects a redistribution of initial trade rather than the generation of additional trade flows.

It is not necessary to compute the complete change in trading patterns explicitly each time the effective exchange rate change is calculated. It is possible to use the model to calculate for each country a set of weights, which represent the effective exchange rate change of that country resulting from a 1 per cent unilateral devaluation by each other country. The model is linear in percentage exchange rate changes, so these weights may be used to calculate day-to-day effective exchange rate changes.

([6]) This elasticity can be written as
$e^k\ ij/ij = (1 - S^k\ ij)\ O^k i + S^k{}_{ij}\ e^k i$
where $e^k\ ij/ij$ is the k'th country's price elasticity of demand for product i produced in the j'th country with respect to its price. $S^k ij$ is the share of product ij in the consumption of country k. $O^k{}_i$ is the elasticity of substitution in the k'th market between the products of kind i produced by any pair of countries and $e^k i$ is the elasticity of demand in the k'th market for the i'th good in general, that is, irrespective of source of supply.

([7]) This elasticity can be written as
$e^k ij/im = S^k im\ (O^k{}_i - e^k{}_i)\ j \neq m$
where m represents the alternative source of supply.

CHARTS AND TABLES

The purpose of the charts and tables is to provide the broad background to the trends of the economy rather than to give detailed information about particular series (for which the *Monthly Digest of Statistics* and other publications may be consulted). Economically related series are grouped together and consequently the same series may appear on more than one page.

Most series are seasonally adjusted, that is, normal seasonal changes have as far as possible been removed from the figures; by this means movements in different periods may more readily be compared, but it must be borne in mind that the seasonal adjustments are subject to some uncertainties. For series which still show considerable short-term fluctuations after seasonal adjustment a trend line has been fitted by the use of weighted moving averages.

For convenience of comparison, index numbers in some charts and tables are referred to a common date as base which differs from the original base dates to which their weighting applies.

In order that recent movements may be seen in perspective most of the charts cover a long run of years, but some of the series (for example, measures of volume or of price changes) may provide only a broad guide to changes over long periods.

Logarithmic scales are used in charts where the main purpose is to compare the slopes of series which are very different in magnitude.

Except where otherwise stated, monthly and quarterly figures relate to totals for the period and are not converted to annual rates. The statistics relate mainly to the United Kingdom of Great Britain and Northern Ireland; where figures are for Great Britain only, this is indicated on the table.

In tables where figures have been rounded to the nearest final digit, there may be an apparent slight discrepancy between the sum of the constituent items and the total as shown. The following symbols are used in the tables:

.. not available
— nil or less than half the final digit shown
§ series for which measures of variability are given on page 42

LIST OF CHARTS AND TABLES

	page
Main economic series	2-5
Latest developments	6-7
Gross domestic product and the components of final expenditure	8
Personal income and expenditure	
Personal disposable income, spending and borrowing	9
Consumers' expenditure	10
Retail sales, new registrations of cars	11
Fixed investment	
By sectors and selected industries	12
Manufacturing industry:	
Investment cycles, D of I Intentions Inquiry	13
CBI Intentions Inquiry, contractors' orders	14
Dwellings: forward-looking indicators	15
Stocks	
Stock changes	16
Relationship of stocks and output (stock/output ratios)	17
Production	
Index of industrial production:	
All industries, selected industries	18
Production cycles	19
Changes in stocks, manufacturing production and imports of industrial materials	20
Steel	21
Motor vehicles	22
Construction industry	23
Fuel and power consumption	24
Orders	25
Employment	
Unemployment, unfilled vacancies, hours worked	26
Cycles of unemployment	27
Output and prices	
Incomes and output	28
Wage rates, earnings, wages and salaries per unit of output, retail prices	29
Manufacturing industry: output, costs and prices	30
External trade	
Exports and imports: terms of trade	31
Exports: by destination	32
Exports: by commodity classes	33
Imports: by commodity classes	34
Exports of manufactures in world markets	35
Balance of payments	36-37
Home finance	
Money stock	38-39
Banking	40
Interest rates, security prices and yields	41
Measures of variability of some major series	42
Index of sources	43-45

Main economic series

All series are seasonally adjusted unless otherwise stated

	Gross domestic product at factor cost at 1970 prices (1) §				Index of industrial production §		Employed labour force (2)	Output per person employed at 1970 prices			Wages and salaries per unit of output	Unemployed excluding school-leavers and adult students (UK)	
	Expenditure based	Income based (3)	Output based	Average estimate	All industries	Manufacturing industries		Gross domestic product (Output)	All production industries	Manufacturing industries	Whole economy	Monthly average Thousands	Percentage rate(4)
	1970 = 100												
1963 1st quarter	79·4	79·1	78·7	79·1	75·3	74·0	99·5	79·1	73·6	73·9	75·2	585·4	2·5
2nd quarter	83·4	82·8	81·8	82·7	79·0	76·8	100·0	81·8	76·6	76·8	73·4	557·5	2·4
3rd quarter	83·5	84·0	83·2	83·6	81·3	79·4	100·0	83·2	78·6	79·5	73·5	526·4	2·2
4th quarter	85·3	85·1	84·4	85·0	83·1	81·3	100·5	84·0	80·1	81·1	74·1	480·5	2·0
1964 1st quarter	86·0	85·8	85·5	85·8	85·6	84·1	100·9	84·7	82·0	83·5	75·0	418·8	1·8
2nd quarter	88·0	86·9	86·8	87·3	85·6	84·1	101·1	85·8	81·8	83·0	75·5	404·0	1·7
3rd quarter	87·6	88·4	87·2	87·7	86·2	84·9	101·5	85·9	82·1	83·5	75·9	389·9	1·6
4th quarter	89·0	88·0	88·5	88·5	88·5	87·3	101·9	86·9	83·8	85·4	77·9	353·8	1·5
1965 1st quarter	89·2	88·9	89·0	89·0	89·0	87·1	102·2	87·1	84·0	85·0	77·9	332·1	1·4
2nd quarter	89·1	89·6	89·1	89·2	88·7	87·4	102·2	87·2	83·7	85·2	78·8	338·1	1·4
3rd quarter	90·0	90·4	89·5	90·0	88·7	87·2	102·2	87·6	83·6	84·8	79·7	352·8	1·5
4th quarter	90·8	91·3	90·5	90·9	90·1	88·6	102·7	88·1	84·8	86·0	80·5	328·0	1·4
1966 1st quarter	90·7	90·7	91·0	90·8	90·9	90·0	102·9	88·4	85·5	87·3	82·9	302·1	1·3
2nd quarter	91·2	90·2	91·3	90·9	91·0	89·6	102·9	88·7	85·7	87·0	84·6	314·5	1·3
3rd quarter	92·0	92·8	91·5	92·1	91·2	90·1	102·7	89·1	86·1	87·5	82·6	352·2	1·5
4th quarter	92·6	92·2	90·8	91·8	89·3	87·2	101·9	89·1	85·1	85·6	83·0	444·1	1·8
1967 1st quarter	93·6	91·3	91·1	92·0	90·5	88·6	101·3	89·9	87·0	87·8	83·4	515·7	2·2
2nd quarter	94·2	94·2	92·1	93·5	91·4	89·5	101·3	90·9	88·5	89·4	83·8	544·7	2·3
3rd quarter	94·1	93·2	92·5	93·3	91·5	89·7	101·4	91·2	89·2	90·2	85·9	559·8	2·4
4th quarter	92·9	93·7	94·0	93·5	93·4	91·4	101·0	93·1	91·6	92·3	86·2	569·3	2·4
1968 1st quarter	96·2	95·1	96·4	95·9	96·3	94·5	100·8	95·6	94·7	95·6	87·0	573·7	2·4
2nd quarter	95·8	95·8	96·1	95·9	97·0	95·6	100·6	95·5	95·7	96·8	86·7	580·9	2·5
3rd quarter	97·9	98·3	96·5	97·5	97·4	96·2	100·6	95·9	96·1	97·0	86·0	576·6	2·4
4th quarter	98·5	99·0	97·0	98·2	97·9	96·7	100·7	96·3	96·4	97·2	86·7	567·6	2·4
1969 1st quarter	98·1	98·3	97·5	98·0	99·0	98·2	100·7	96·8	97·2	98·2	89·3	562·3	2·4
2nd quarter	97·9	98·3	98·6	98·2	100·4	100·1	100·7	97·9	98·7	99·7	90·1	557·2	2·4
3rd quarter	98·3	98·9	98·5	98·6	99·8	99·6	100·6	97·9	98·3	99·2	90·8	566·7	2·4
4th quarter	99·6	99·6	98·6	99·3	99·7	99·7	100·4	98·2	98·4	99·1	93·2	580·2	2·5
1970 1st quarter	98·2	97·5	99·4	98·4	99·7	99·7	100·4	99·0	98·9	99·3	96·9	586·9	2·5
2nd quarter	100·0	100·5	99·6	100·0	99·5	99·2	100·0	99·6	99·1	98·9	99·0	597·8	2·5
3rd quarter	100·4	101·5	100·4	100·7	100·4	100·2	99·9	100·5	100·7	100·3	100·7	606·8	2·6
4th quarter	101·4	100·6	100·6	100·8	100·3	100·8	99·7	100·9	101·2	101·4	103·4	617·5	2·6
1971 1st quarter	100·1	100·0	99·8	100·0	99·9	99·7	98·5	101·3	101·3	100·9	106·5	668·5	2·9
2nd quarter	101·4	99·9	101·2	100·9	100·7	100·2	98·3	103·0	103·6	103·1	109·1	750·3	3·3
3rd quarter	103·3	101·2	101·7	102·1	100·4	99·3	97·7	104·1	104·4	103·3	111·1	813·1	3·6
4th quarter	103·3	101·4	102·3	102·3	100·2	98·8	97·6	104·8	105·3	104·2	112·5	871·6	3·8
1972 1st quarter	102·2	99·8	101·7	101·2	98·2	98·6	98·2	103·6	103·9	105·0	116·8	908·2	4·0
2nd quarter	103·4	103·3	104·5	103·8	102·7	101·2	98·4	106·2	108·8	108·2	117·4	879·4	3·8
3rd quarter	103·3	103·2	104·8	103·8	102·9	102·3	98·8	106·1	108·7	109·4	120·6	846·5	3·7
4th quarter	105·1	105·9	106·8	105·9	105·8	105·4	99·4	107·4	111·5	112·8	122·4	785·4	3·4
1973 1st quarter	110·6	107·6	109·7	109·3	110·2	110·4	100·3	109·4	115·5	117·7	124·1	700·0	3·1
2nd quarter	108·9	109·3	108·9	109·0	109·3	109·4	100·4	108·5	114·2	116·3	124·9	636·4	2·8
3rd quarter	110·1	108·6	110·0	109·6	110·3	110·7	100·7	109·2	115·3	117·5	131·0	591·4	2·6
4th quarter	108·6	109·7	109·5	109·3	108·8	109·7			113·5	116·1	134·0	516·0	2·3
1974 1st quarter					101·7	103·5			106·4	109·9		570·1	2·5
2nd quarter													
3rd quarter													
4th quarter													

(1) These estimates are given to one decimal place but this does not imply that they can be regarded as accurate to the last digit shown.
(2) The earlier figures in this series have been adjusted to be consistent with Census of Employment data on which the later figures are based.
(3) Income data deflated by the price index implied by estimates based on expenditure data.
(4) The base used in calculating the percentage rate of unemployment is the appropriate mid-year estimate of total employees (employed and unemployed).

Main economic series *(continued)*

All series are seasonally adjusted unless otherwise stated

	Unfilled vacancies (GB) Notified to Employment Offices(1)§	Basic hourly wage rates	Average earnings of all employees (GB) §	General index of retail prices		Wholesale prices index		Unit value index numbers (2)			Personal disposable income revalued at 1970 prices(3)§	Consumers' expenditure at 1970 prices §	Personal savings ratio (4)
				All items	All items except items of food whose prices show significant seasonal variations	Basic materials and fuel purchased by manufacturing industry (5)n.s.a.	Output All manufactured products Home sales	Exports	Imports	Terms of trade			
		n.s.a.		n.s.a.	n.s.a.		n.s.a.	n.s.a.	n.s.a.	n.s.a.			
	Monthly average Thousands	Jan. 1956 =100	Jan. 1970 =100	Jan. 1962=100		1970=100					£ million		Percentage
1963 1st quarter	127·5	139·4	62·1	103·3	102·8	77·2	77·7	75·9	78·6	96·6	7,179	6,631	7·6
2nd quarter	136·8	140·9	64·0	103·9	103·0	77·4	77·9	76·3	79·1	96·5	7,350	6,873	6·5
3rd quarter	142·7	141·5	65·1	103·2	103·5	76·9	77·9	77·2	78·9	97·8	7,523	6,950	7·6
4th quarter	170·6	143·3	65·9	104·0	104·6	80·3	78·5	77·5	80·1	96·8	7,577	6,962	8·1
1964 1st quarter	199·9	146·1	67·4	104·9	105·4	80·6	79·1	77·3	80·7	95·8	7,608	7,015	7·8
2nd quarter	212·4	147·8	68·5	106·8	107·0	80·3	80·2	77·7	80·7	96·3	7,633	7,035	7·8
3rd quarter	228·4	149·5	69·9	107·7	108·3	81·1	80·7	78·5	80·7	97·3	7,741	7,081	8·5
4th quarter	243·7	151·0	70·9	108·6	109·3	82·5	81·2	78·6	81·3	96·7	7,757	7,143	7·9
1965 1st quarter	249·6	153·8	72·2	109·6	110·3	82·5	82·1	79·3	81·4	97·4	7,804	7,151	8·4
2nd quarter	270·4	156·1	73·3	112·4	112·6	82·2	83·4	79·5	81·4	97·7	7,780	7,115	8·5
3rd quarter	270·9	159·9	74·5	112·9	113·3	81·6	83·8	80·1	81·2	98·6	7,873	7,208	8·4
4th quarter	269·4	161·9	76·3	113·6	114·0	82·4	84·0	80·7	81·6	98·9	7,998	7,234	9·5
1966 1st quarter	275·8	166·0	77·6	114·4	114·8	83·9	84·8	81·8	82·0	99·8	8,303	7,338	11·6
2nd quarter	278·5	168·1	79·2	116·6	116·3	85·4	85·4	83·0	82·8	100·2	7,946	7,375	7·2
3rd quarter	259·4	169·8	79·6	117·0	117·4	84·0	86·1	83·6	82·2	101·7	7,907	7,288	7·8
4th quarter	205·3	169·9	79·6	117·9	118·1	83·4	85·9	83·6	82·3	101·6	7,976	7,257	9·0
1967 1st quarter	183·4	171·4	79·8	118·6	118·7	82·8	86·1	83·8	82·1	102·1	7,925	7,312	7·7
2nd quarter	166·5	172·9	80·7	119·6	119·2	82·3	86·1	83·9	81·4	103·1	8,152	7,403	9·2
3rd quarter	166·3	177·3	82·6	119·0	119·2	82·6	86·6	84·4	83·2	101·4	8,297	7,510	9·5
4th quarter	179·3	179·7	84·2	120·4	120·7	87·6	87·1	85·4	86·6	98·6	8,189	7,616	7·0
1968 1st quarter	180·5	184·8	85·9	122·1	122·2	92·3	88·7	88·9	92·0	96·6	8,406	7,807	7·1
2nd quarter	181·2	185·8	87·1	125·0	125·0	90·7	89·8	90·8	92·7	98·0	8,196	7,493	8·6
3rd quarter	187·6	187·7	89·0	125·7	126·1	91·0	90·3	92·3	94·1	98·1	8,256	7,605	7·9
4th quarter	202·0	191·0	91·0	127·2	127·6	91·8	91·0	92·8	94·6	98·1	8,292	7,651	7·7
1969 1st quarter	200·6	194·7	92·2	129·7	129·7	93·1	92·2	93·9	94·5	99·4	8,338	7,592	8·9
2nd quarter	200·8	195·6	94·1	131·8	131·0	94·3	92·6	93·9	95·5	98·3	8,222	7,665	6·8
3rd quarter	199·2	197·8	95·9	132·0	132·0	95·2	93·7	94·2	96·5	97·6	8,310	7,640	8·1
4th quarter	197·2	201·6	98·5	133·7	133·9	97·5	94·7	95·1	98·1	96·9	8,411	7,741	8·0
1970 1st quarter	194·2	209·0	101·6	136·2	136·0	99·2	96·7	98·9	99·6	99·3	8,334	7,715	7·4
2nd quarter	189·1	214·0	105·0	139·5	138·7	99·7	98·9	100·0	100·8	99·2	8,617	7,836	9·1
3rd quarter	185·1	219·5	108·3	141·1	141·3	99·8	100·9	102·0	100·8	101·2	8,719	7,923	9·1
4th quarter	174·3	228·3	111·9	144·0	144·6	101·4	103·4	102·3	100·6	101·7	8,705	7,930	8·9
1971 1st quarter	149·9	237·5	114·6	147·9	148·0	103·0	106·3	104·1	102·8	101·3	8,678	7,873	9·3
2nd quarter	127·2	242·4	117·2	153·2	152·8	104·9	108·7	105·3	106·0	99·3	8,702	8,014	7·9
3rd quarter	120·4	248·6	120·4	155·3	155·5	105·6	110·3	107·4	106·5	100·8	8,812	8,133	7·7
4th quarter	118·6	257·0	122·6	157·3	157·5	104·8	110·8	109·1	105·6	103·3	8,969	8,234	8·2
1972 1st quarter	123·5	265·9	126·3(6)	159·7	159·7	105·6	112·1	110·3	106·3	103·8	8,984	8,346	7·1
2nd quarter	132·0	272·0	130·6	162·7	162·5	106·1	113·5	110·8	107·4	103·2	9,492	8,479	10·7
3rd quarter	147·2	103·4(7)	135·1	165·4	165·1	109·4	115·6	114·1(8)	110·8(8)	103·0(8)	9,379	8,607	8·2
4th quarter	178·6	108·1	142·0	169·4	169·2	115·6	118·0	115·1	115·8	99·4	9,652	8,739	9·5
1973 1st quarter	228·4	108·9	143·8	172·4	171·4	126·0	119·5	119·1	122·2	97·5	9,755	9,017	7·5
2nd quarter	288·9	113·8	149·3	177·9	175·6	133·4	120·1(9)	123·5	131·8	93·7	9,985	8,832	11·5
3rd quarter	334·0	118·6	154·8	180·6	179·1	150·5	124·2	128·4	144·6	88·8	9,933	8,923	10·1
4th quarter	364·2	121·1	160·0	186·8	184·8	167·2	129·1	135·2	159·4	84·8	9,993	8,923	10·7
1974 1st quarter	285·1	124·9	158·3	194·6	192·4	206·5	138·3						
2nd quarter													
3rd quarter													
4th quarter													

(1) Chiefly for adults but including some vacancies suitable for young persons.
(2) *Overseas Trade Statistics* basis. (3) Before providing for depreciation, stock appreciation and additions to tax reserves.
(4) Personal saving, including additions to reserves, as a percentage of personal disposable income. (5) Revised method of calculation to include levies on certain imported foods from 3rd quarter 1971. (6) As industrial activity was severely disrupted by restricted electricity supplies, no enquiry was held in February. The index is therefore given as an average of the January and March figures.
(7) The current series is based on 31 July 1972=100; the hourly wage rates index based on January 1956=100 was 277·3 at that date.
(8) Affected by the dock strike. (9) See footnote (2) on page 30.
n.s.a. = not seasonally adjusted.

Main economic series *(continued)*

All series are seasonally adjusted unless otherwise stated

	Volume of retail sales (GB) (1)	New registrations of cars (GB)	Changes in hire purchase and other instalment debt(2)	Gross domestic fixed capital formation						Investment in stocks(3) §		Engineering (4) industries	Construction industry
				Total §	Private sector	Public sector	Manufacturing industry §	Private dwellings	Public dwellings	Total	Manufacturing	Net new orders Home market	Orders received
	1971=100	Thousands	£ million	£ million at 1970 prices								1963=100	1970=100
1963 1st quarter	84·7	211·0	+ 2	1,416	829	587	338	125	81	— 18	17	104	97
2nd quarter	86·4	254·0	+ 19	1,622	895	727	354	176	125	81	— 17	106	95
3rd quarter	88·0	260·7	+ 28	1,674	902	772	346	185	133	— 7	6	112	107
4th quarter	88·2	282·9	+ 34	1,739	956	783	353	193	140	141	97	113	94
1964 1st quarter	88·7	283·6	+ 41	1,804	998	806	369	195	153	176	133	117	104
2nd quarter	88·9	288·0	+ 40	1,855	1,028	827	392	202	163	270	196	126	112
3rd quarter	89·4	309·5	+ 45	1,911	1,060	851	395	205	157	207	130	123	115
4th quarter	90·4	309·6	+ 42	1,934	1,078	856	413	211	157	283	194	127	126
1965 1st quarter	91·0	307·4	+ 35	1,959	1,101	858	442	216	161	172	132	119	115
2nd quarter	91·1	264·2	+ 40	1,921	1,066	855	416	202	159	139	135	111	107
3rd quarter	91·8	272·0	+ 25	1,921	1,064	857	434	199	162	167	119	115	108
4th quarter	92·5	278·9	+ 13	2,006	1,100	906	440	200	181	124	74	120	99
1966 1st quarter	93·3	296·4	+ 3	1,974	1,096	878	450	194	178	123	103	122	102
2nd quarter	93·5	315·7	— 11	1,964	1,039	925	436	195	173	136	52	113	102
3rd quarter	92·5	247·5	— 54	2,018	1,072	946	449	189	193	167	149	117	106
4th quarter	91·9	205·8	— 73	2,027	1,054	973	445	187	206	— 12	11	115	99
1967 1st quarter	93·3	240·8	— 48	2,091	1,065	1,026	439	191	211	107	46	107	128
2nd quarter	93·4	268·0	— 39	2,184	1,127	1,057	452	199	214	127	24	120	116
3rd quarter	95·2	290·5	+ 16	2,163	1,103	1,060	425	210	212	38	11	117	112
4th quarter	96·4	317·3	+ 31	2,126	1,053	1,073	419	201	211	66	— 9	109	115
1968 1st quarter	98·7	324·2	+ 34	2,246	1,137	1,109	440	212	235	— 46	— 59	120	110
2nd quarter	95·8	245·2	— 8	2,217	1,150	1,067	434	214	220	170	91	122	106
3rd quarter	96·8	263·9	+ 12	2,225	1,204	1,021	453	206	221	195	153	126	106
4th quarter	97·3	283·6	+ 8	2,263	1,236	1,027	471	214	218	152	84	123	112
1969 1st quarter	96·9	233·7	— 16	2,279	1,263	1,016	481	203	227	157	140	133	102
2nd quarter	97·8	264·3	+ 1	2,235	1,257	978	504	197	210	107	83	134	99
3rd quarter	97·2	260·1	— 3	2,280	1,281	999	520	188	233	70	24	130	103
4th quarter	96·9	229·3	— 2	2,248	1,242	1,006	519	170	220	85	73	133	105
1970 1st quarter	98·6	258·6	+ 10	2,236	1,246	990	515	168	198	— 21	22	130	103
2nd quarter	99·0	285·8	+ 24	2,317	1,290	1,027	534	170	199	125	76	131	105
3rd quarter	99·5	277·6	+ 20	2,318	1,315	1,003	538	179	203	106	26	135	101
4th quarter	99·1	275·2	+ 30	2,352	1,273	1,079	542	185	201	47	51	130	91
1971 1st quarter	97·8	282·4	+ 13	2,299	1,220	1,079	511	192	193	114	10	122	105
2nd quarter	99·7	289·8	+ 37	2,332	1,331	1,001	498	202	195	—103	—113	125	111
3rd quarter	100·5	347·6	+107	2,318	1,337	981	491	210	182	— 18	— 68	140	108
4th quarter	102·1	381·7	+ 83	2,320	1,312	1,008	468	227	180	—	— 47	139	105
1972 1st quarter	102·1	371·9	+ 87	2,369	1,344	1,025	466	241	185	—131	—156	160	116
2nd quarter	104·6	439·8	+108	2,358	1,396	962	447	237	173	—100	—145	149	121
3rd quarter	107·2	418·5	+123	2,346	1,389	957	430	239	167	— 83	—125	170	104
4th quarter	109·5	432·7	+106	2,356	1,449	907	432	264	163	— 80	— 72	165	108
1973 1st quarter	111·8	454·6	+176	2,506	1,499	1,007	465	263	173	247	168	191	123
2nd quarter	108·0	406·5	+ 80	2,358	1,412	946	448	275	161	209	87	193	111
3rd quarter	110·5	428·7	+109	2,469	1,462	1,007	485	268	181	135	79	204	111
4th quarter	112·3	355·7	+ 73	2,505	1,503	1,002	489	248	169	92	98	193	91
1974 1st quarter	110·1	307·5	— 68										77(5)
2nd quarter													
3rd quarter													
4th quarter													

(1) This index is given to one decimal place but this does not imply that it can be regarded as accurate to the last digit shown.
(2) Credit extended by finance houses and retailers, i.e. durable goods shops and department stores *plus* (from 1965) other general stores, general mail order houses and the non-durable goods departments of co-operative societies.
(3) Value of physical increase in stocks and work in progress.
(4) Mechanical, instrument and electrical engineering (SIC Orders VII, VIII and IX). See also page 25.
(5) Provisional.

Main economic series *(continued)*

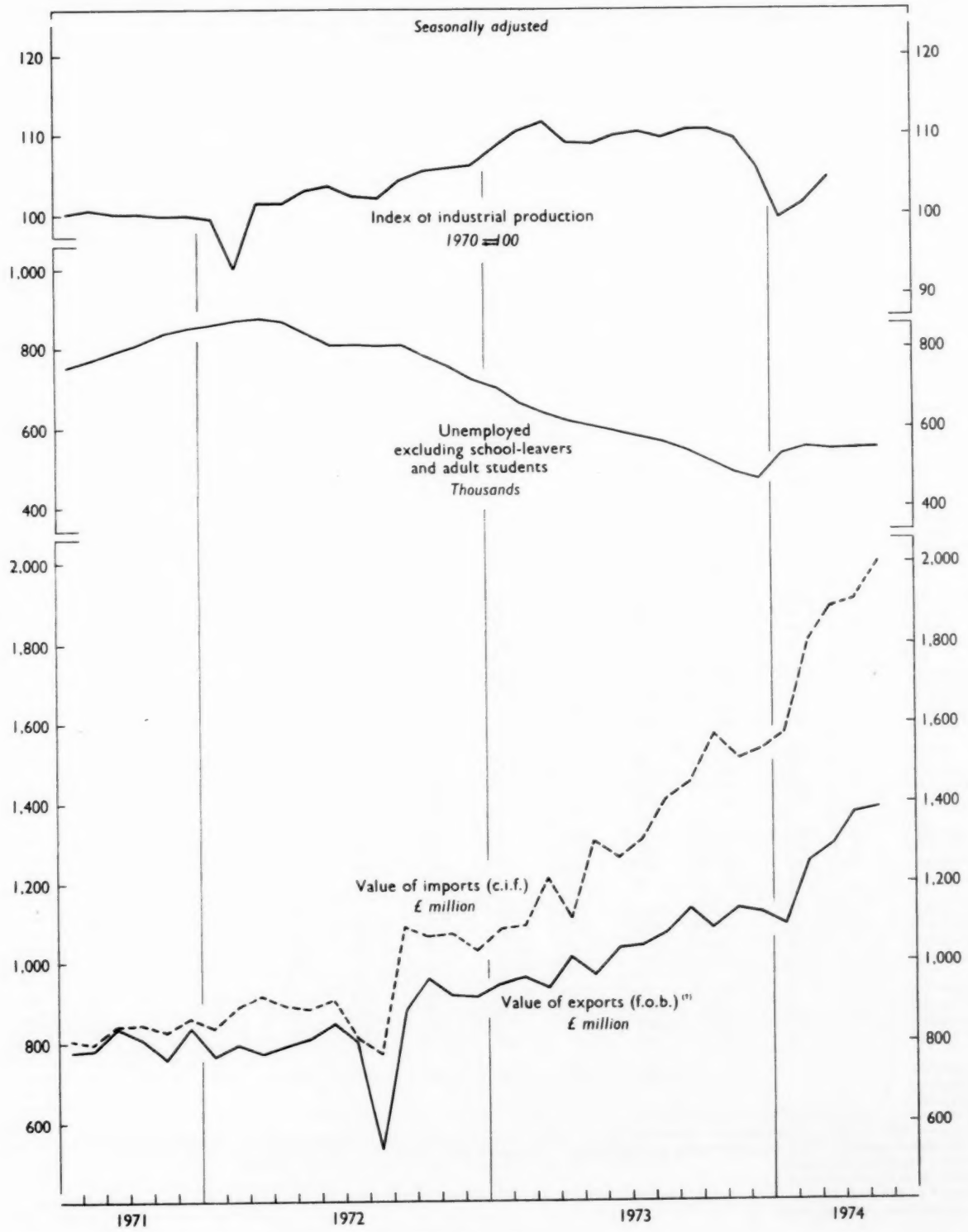
All series are seasonally adjusted unless otherwise stated

	Stock ratios		Change in money stock(1)		Domestic credit expansion	United Kingdom banking sector			Balance of payments		External trade (2)	
	Total stocks to gross domestic product (Expenditure)	Manufacturing stocks to output	M_1	M_3		Change in deposits of domestic sectors	Lending to Public sector	Lending to Private sector (3)	Current balance	Total currency flow n.s.a.	Volume of exports	Volume of imports
	End-1969=100		£ million								1970=100	
1963 1st quarter	100	105	..	50	145	..	..	..	+ 54	— 86	67·3	65·8
2nd quarter	96	101	180	246	350	232	167	196	+ 35	+ 50	69·5	68·0
3rd quarter	95	98	131	177	217	153	138	187	+ 26	+ 6	70·5	70·9
4th quarter	94	97	179	237	336	220	56	146	+ 9	— 28	71·7	72·6
1964 1st quarter	95	95	47	110	362	59	— 58	164	— 82	+ 1	71·6	76·2
2nd quarter	94	97	77	173	363	152	44	220	— 64	+ 12	72·6	76·3
3rd quarter	96	98	71	214	377	186	98	276	—112	—126	70·3	77·6
4th quarter	97	98	39	156	461	113	—398	352	—124	—582	72·5	78·7
1965 1st quarter	98	99	14	122	331	82	—148	186	—	—166	72·8	74·0
2nd quarter	99	101	108	315	318	272	175	122	— 43	—166	74·7	78·0
3rd quarter	99	102	12	183	140	158	167	25	— 14	—196	76·8	79·1
4th quarter	99	102	141	341	379	280	260	109	+ 8	+175	78·0	79·3
1966 1st quarter	100	101	158	285	361	256	122	111	— 43	+ 48	77·7	81·1
2nd quarter	100	102	— 37	62	261	15	— 54	— 26	— 29	—163	74·5	77·7
3rd quarter	100	103	— 25	156	159	141	38	26	— 11	—488	78·8	81·3
4th quarter	100	107	—199	— 36	— 69	— 14	111	— 89	+167	+ 56	82·3	76·3
1967 1st quarter	99	106	260	290	244	246	395	42	+ 19	+509	84·1	84·2
2nd quarter	100	105	130	312	278	284	271	— 60	— 71	— 12	80·5	84·7
3rd quarter	100	105	167	421	684	400	24	317	— 31	—506	78·1	83·9
4th quarter	101	103	102	321	594	291	—118	211	—233	—662	69·2	87·3
1968 1st quarter	98	98	23	207	650	147	—227	107	— 92	—519	87·7	94·0
2nd quarter	99	98	162	435	748	410	75	227	—102	—521	84·2	92·1
3rd quarter	98	100	157	228	203	221	374	49	— 37	— 24	89·9	95·3
4th quarter	99	100	76	272	395	219	—186	145	— 53	—346	90·4	94·3
1969 1st quarter	100	100	— 92	254	128	240	— 66	217	+ 19	+272	91·0	94·0
2nd quarter	101	99	—162	—187	—293	—195	—204	— 80	+ 96	+ 82	96·0	96·6
3rd quarter	101	100	— 4	166	25	162	—307	236	+165	— 47	102·0	96·1
4th quarter	100	100	257	270	— 6	155	209	57	+171	+436	101·3	94·9
1970 1st quarter	101	100	68	127	—259	71	94	286	+259	+915	100·2	95·9
2nd quarter	100	102	313	573	472	535	172	366	+140	+227	99·5	101·3
3rd quarter	101	101	97	410	527	323	163	188	+ 89	—202	94·8	97·9
4th quarter	100	101	319	456	284	399	567	— 31	+220	+347	105·5	104·9
1971 1st quarter	102	102	424	566	79	463	234	230	+150	+973	99·8	103·8
2nd quarter	100	100	104	313	32	291	295	55	+293	+634	111·7	104·6
3rd quarter	98	101	329	473	337	419	432	603	+382	+668	113·4	103·9
4th quarter	98	101	179	1,033	714	992	758	756	+248	+953	111·3	107·1
1972 1st quarter	98	99	418	964	1,092	826	—466	1,436	+ 84	+ 57	109·2	112·6
2nd quarter	96	95	452	1,532	2,142	1,407	—697	1,565	+134	—1,045	113·2	113·2
3rd quarter	96	93	162	1,031	1,324	936	— 45	1,007	—114	— 79	99·3(4)	111·3(4)
4th quarter	94	90	471	1,772	2,320	1,635	182	1,503	+ 10	—198	123·8	127·4
1973 1st quarter	91	87	51	1,501	1,686	1,363	369	1,236	—146	+ 69	123·1	128·4
2nd quarter	93	89	749	1,243	1,238	1,114	461	887	—188	+377	125·3	128·0
3rd quarter	93	88	—325	2,324	2,902	2,320	341	1,921	—291	—258	129·9	136·8
4th quarter	95	90	247	2,226	2,877	2,058	690	1,670	—661	+ 22	128·3	137·9
1974 1st quarter			—255	1,000	1,446	900	—154	1,109	—979	— 39		
2nd quarter												
3rd quarter												
4th quarter												

(1) An article on the definitions of money stock was published in the March 1972 issue of *Economic Trends*.
(2) *Overseas Trade Statistics* basis.
(3) Excluding foreign currencies.
(4) Affected by the dock strike.
n.s.a.=not seasonally adjusted.

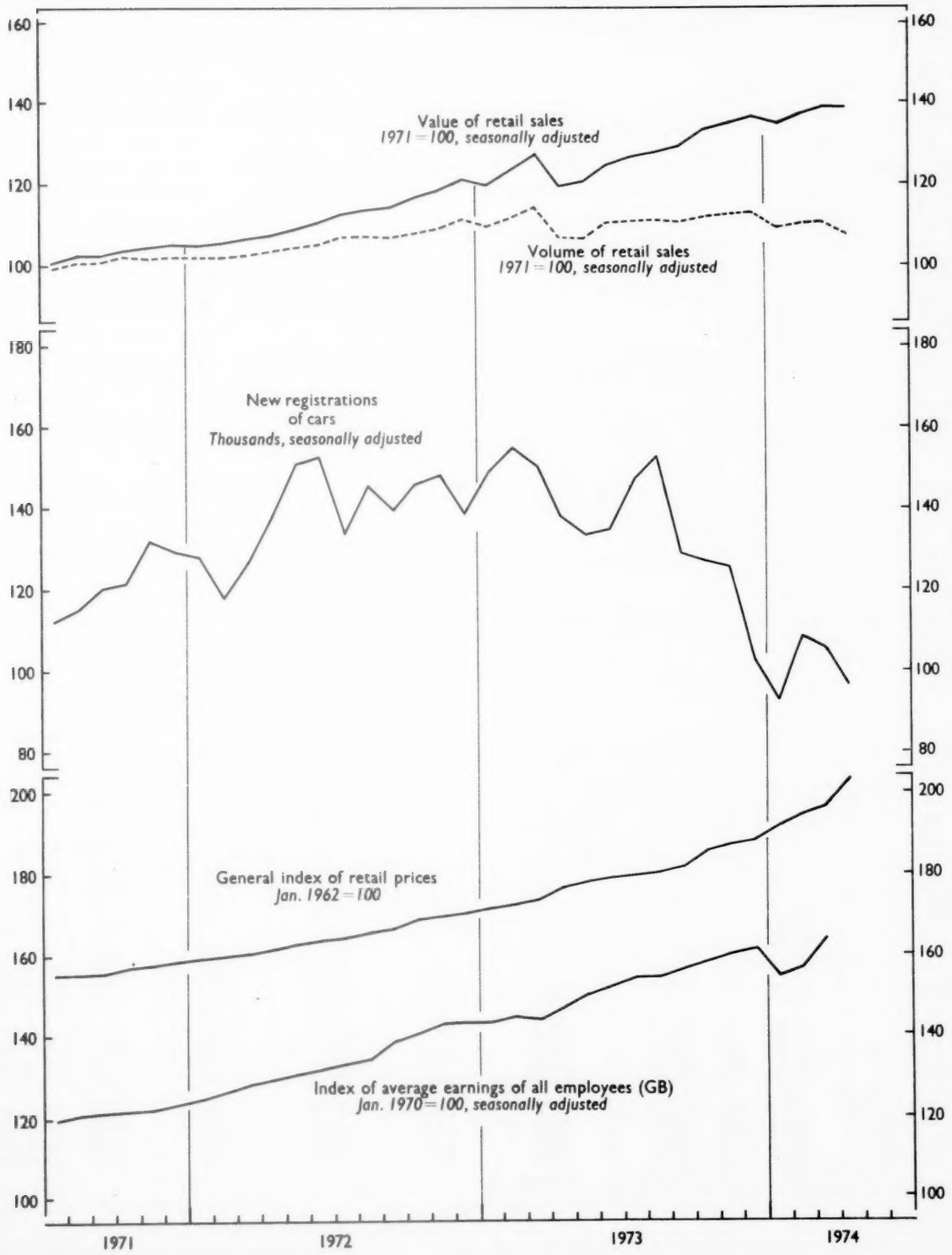
Latest developments

The charts in this section show key monthly indicators on a larger time scale than that used for the longer periods covered in other sections.

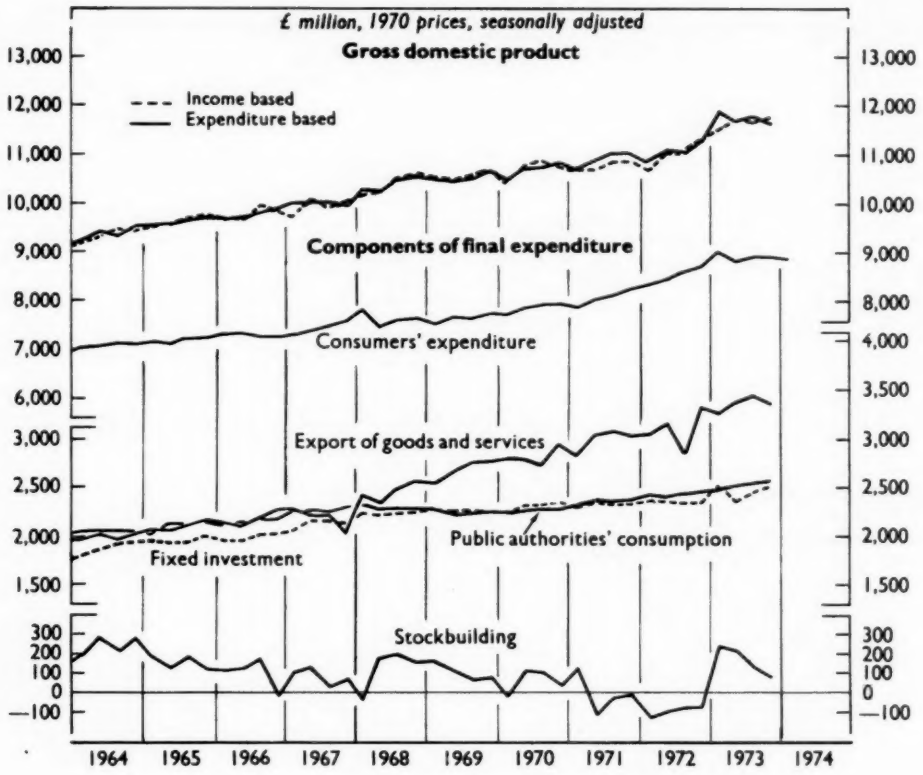


(1) *Overseas Trade Statistics* basis, before adjustment for recording of exports.

Latest developments



Gross domestic product and components of final expenditure



Gross domestic product is a measure of the aggregate output of the economy. When estimated from expenditure data it equals the sum of consumers' expenditure, exports, fixed investment, public authorities' consumption and stockbuilding, *less* imports (the products of other countries) and an adjustment to exclude taxes on expenditure and include subsidies. Gross domestic product at factor cost can also be estimated from output or from income data.

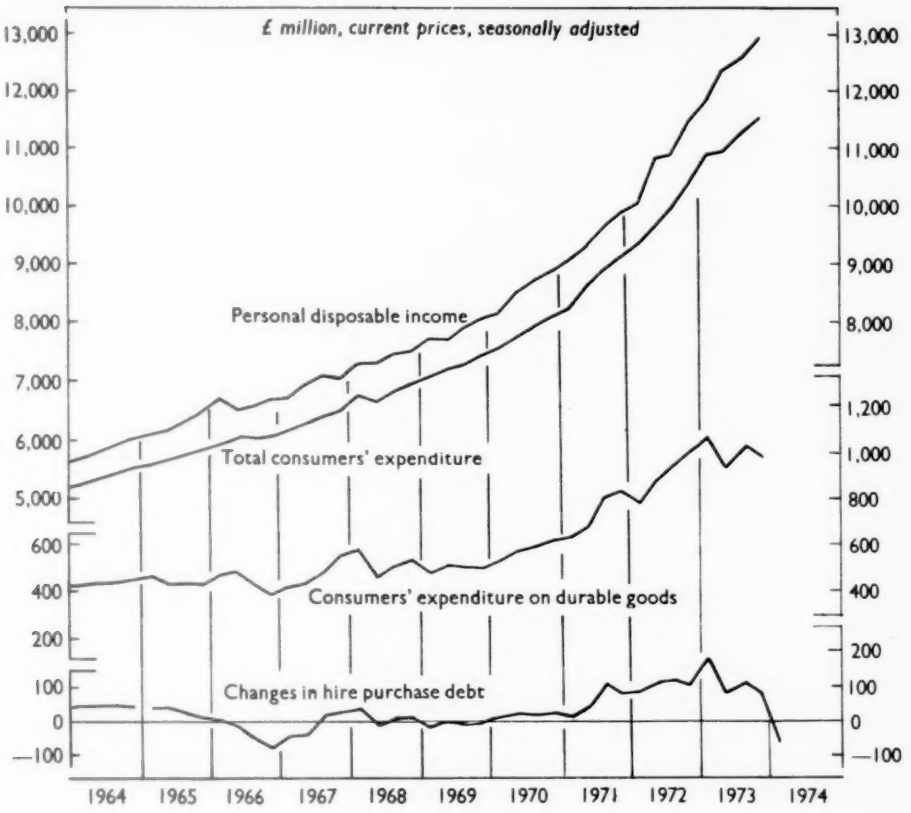
£ million, 1970 prices, seasonally adjusted

	Gross domestic product at factor cost (expenditure based)	Final expenditure on goods and services at market prices						Imports of goods and services §
		Total	Consumers' expenditure	Public authorities' consumption	Fixed investment	Stockbuilding	Exports of goods and services §	
1970 1st quarter ..	10,521	14,970	7,715	2,237	2,236	— 21	2,803	2,602
2nd quarter ..	10,709	15,349	7,836	2,273	2,317	125	2,798	2,760
3rd quarter ..	10,747	15,362	7,923	2,290	2,318	106	2,725	2,697
4th quarter ..	10,858	15,558	7,930	2,295	2,352	47	2,934	2,813
1971 1st quarter ..	10,718	15,431	7,873	2,310	2,299	114	2,835	2,819
2nd quarter ..	10,860	15,656	8,014	2,334	2,332	—103	3,079	2,870
3rd quarter ..	11,058	15,883	8,133	2,355	2,318	— 18	3,095	2,829
4th quarter ..	11,061	15,972	8,234	2,367	2,320	—	3,051	2,874
1972 1st quarter ..	10,941	16,059	8,346	2,420	2,369	—131	3,055	3,053
2nd quarter ..	11,075	16,303	8,479	2,404	2,358	—100	3,162	3,091
3rd quarter ..	11,062	16,169	8,607	2,443	2,346	— 83	2,856	3,007
4th quarter ..	11,254	16,786	8,739	2,464	2,356	— 80	3,307	3,361
1973 1st quarter ..	11,839	17,528	9,017	2,481	2,506	247	3,277	3,440
2nd quarter ..	11,661	17,301	8,832	2,510	2,358	209	3,392	3,410
3rd quarter ..	11,791	17,503	8,923	2,538	2,469	135	3,438	3,487
4th quarter ..	11,634	17,455	8,923	2,566	2,505	92	3,369	3,566
1974 1st quarter ..			8,871(')					
2nd quarter ..								
3rd quarter ..								
4th quarter ..								

† Income data deflated by the price index implied by estimates based on expenditure data.
(') Provisional.

Personal disposable income, spending and borrowing

The monetary resources at the disposal of consumers consist of their disposable income *plus* their borrowing *e.g.* through increases in hire purchase debt. Much of this borrowing is for the purchase of consumer durables.

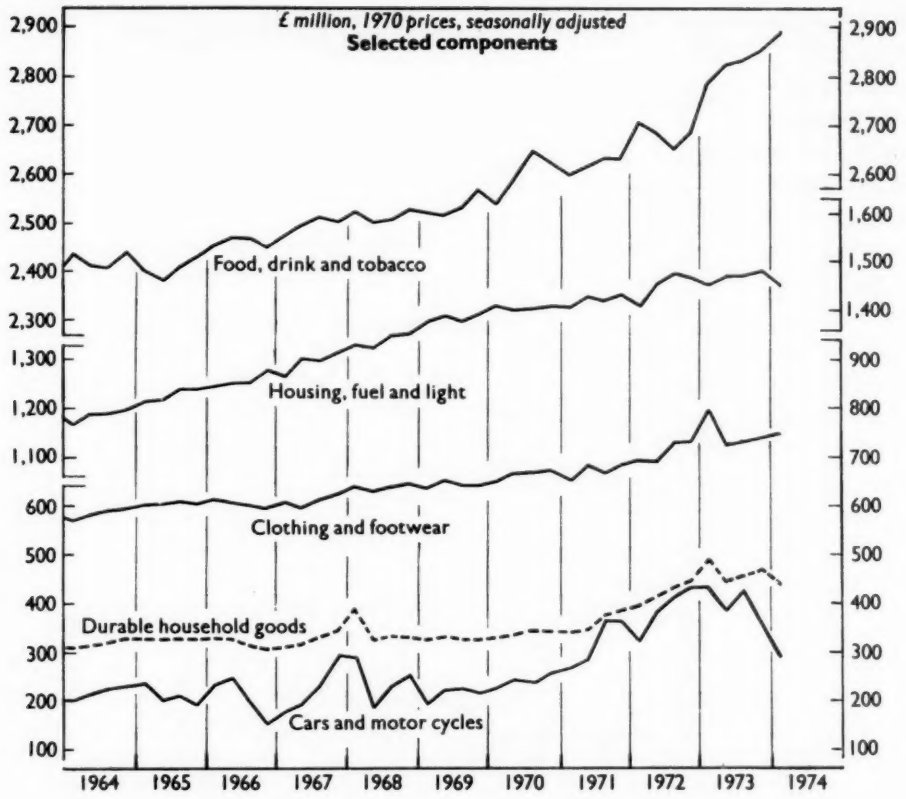


£ million, current prices, seasonally adjusted

	Personal disposable income	Consumers' expenditure		Changes in hire purchase and other instalment debt (²)
		Total	Durable goods(¹)	
1970 1st quarter	8,160	7,555	535	+ 10
2nd quarter	8,546	7,772	573	+ 24
3rd quarter	8,756	7,957	591	+ 20
4th quarter	8,913	8,120	623	+ 30
1971 1st quarter	9,092	8,248	639	+ 13
2nd quarter	9,372	8,630	684	+ 37
3rd quarter	9,666	8,920	806	+107
4th quarter	9,916	9,102	814	+ 83
1972 1st quarter	10,074	9,360	782	+ 87
2nd quarter	10,827	9,673	878	+108
3rd quarter	10,894	9,998	949	+123
4th quarter	11,498	10,411	1,007	+106
1973 1st quarter	11,824	10,932	1,063	+176
2nd quarter	12,367	10,942	948	+ 80
3rd quarter	12,571	11,296	1,039	+109
4th quarter	12,948	11,564	994	+ 73
1974 1st quarter				— 68
2nd quarter				
3rd quarter				
4th quarter				

(¹) Cars, motor cycles and durable household goods. (²) See footnote (³) on page 4.

Consumers' expenditure



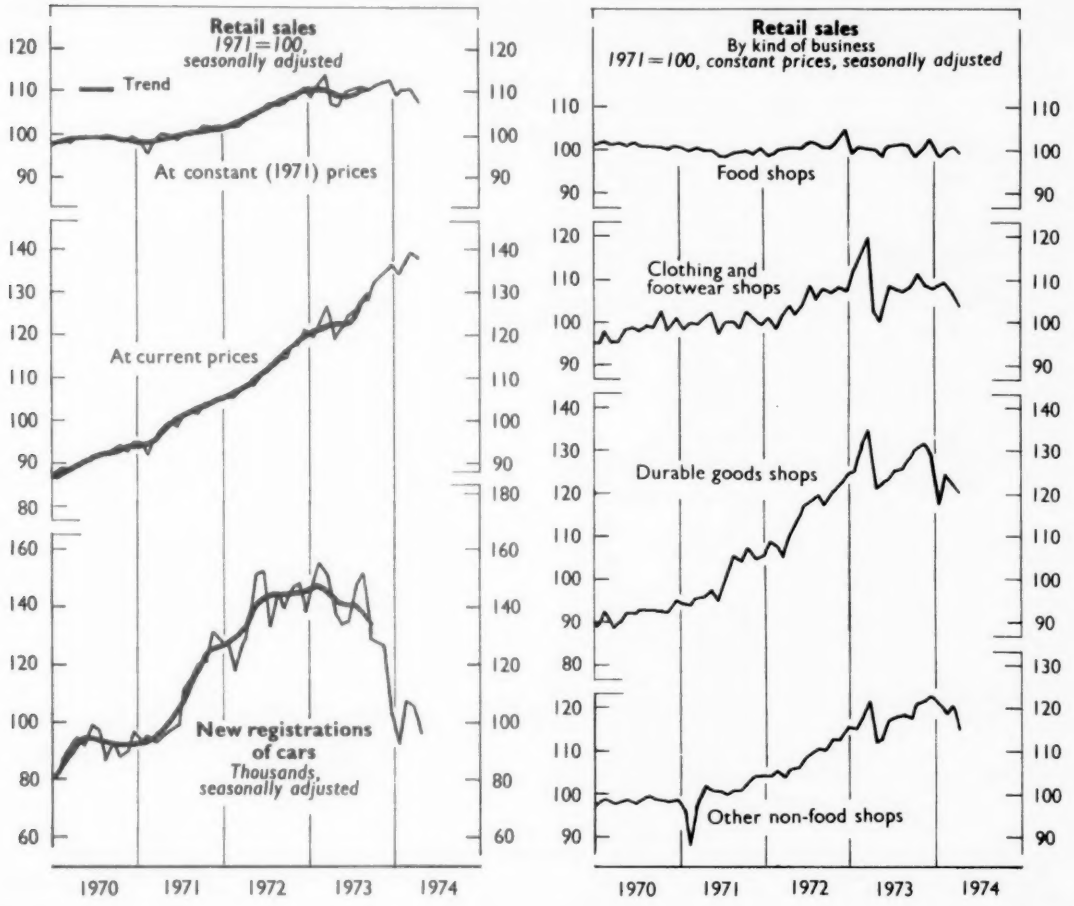
£ million, 1970 prices, seasonally adjusted

	Food, drink and tobacco	Housing, fuel and light	Clothing, including footwear	Durable household goods	Cars and motor cycles
1970 1st quarter	2,540	1,410	653	331	227
2nd quarter	2,587	1,402	666	336	244
3rd quarter	2,647	1,405	670	344	239
4th quarter	2,622	1,411	677	342	259
1971 1st quarter	2,600	1,407	653	340	268
2nd quarter	2,620	1,429	681	347	288
3rd quarter	2,635	1,420	668	378	363
4th quarter	2,634	1,433	682	384	362
1972 1st quarter	2,711	1,414	697	396	324
2nd quarter	2,686	1,454	692	415	381
3rd quarter	2,656	1,473	732	433	417
4th quarter	2,689	1,466	735	445	437
1973 1st quarter	2,788	1,459	797	488	438
2nd quarter	2,826	1,470	727	442	384
3rd quarter	2,837	1,472	735	458	427
4th quarter	2,857	1,480	741	469	360
1974 1st quarter(1)	(2,890)	(1,457)	752	441	(292)
2nd quarter					
3rd quarter					
4th quarter					

(1) The figures in brackets are provisional.

Retail sales, new registrations of cars (Great Britain)

Retail sales cover about half of consumers' expenditure; purchases of new cars are a relatively small but volatile element in expenditure.

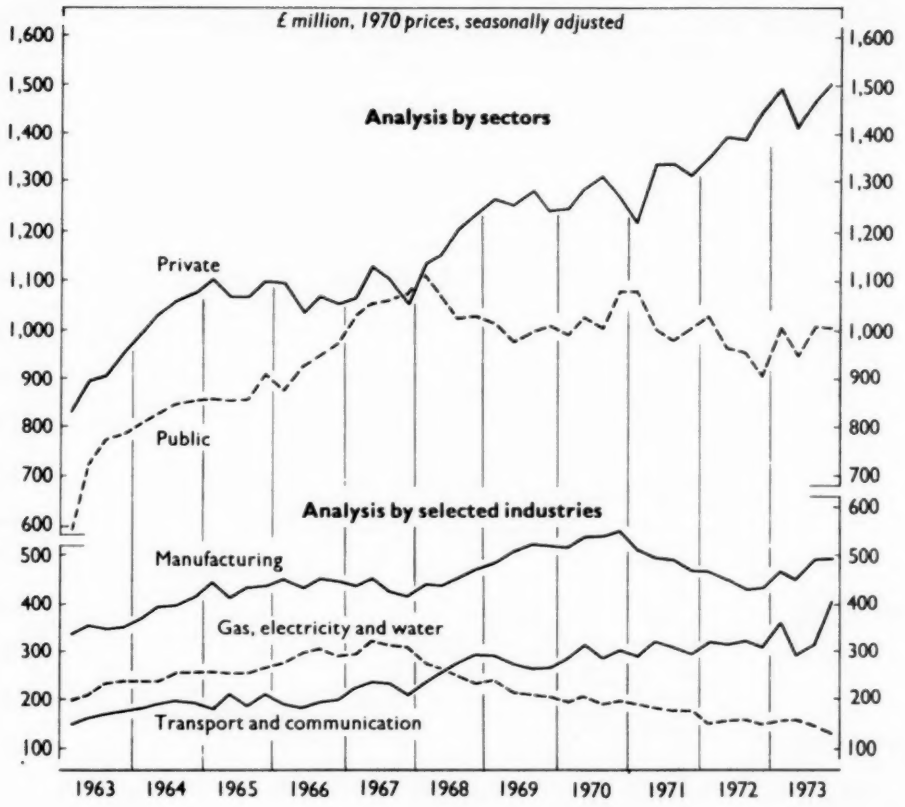


Seasonally adjusted

	Index numbers of retail sales Weekly average 1971 = 100						New registrations of cars §
	Total § (1)	Food shops § (1)	Clothing and footwear shops §	Durable goods shops §	Other non-food shops §	Total § (1)	
	At constant prices					At current prices	Thousands
Estimated sales in 1971 (£ million)	*15,895*	*6,693*	*2,314*	*1,801*	*5,087*	*15,895*	
1972 1st quarter	102·1	99·7	100	107	104	106·0	372
2nd quarter	104·6	101·0	104	114	107	109·1	440
3rd quarter	107·2	101·9	108	118	110	113·9	419
4th quarter	109·5	103·3	107	122	114	118·9	433
1973 1st quarter	111·8	100·5	116	131	118	123·6	455
2nd quarter	108·0	100·5	104	122	115	121·7	407
3rd quarter	110·5	101·6	108	127	118	127·6	429
4th quarter	112·3	101·4	109	130	122	134·7	356
1974 1st quarter	110·1	100·0	108	122	120	136·9	308
2nd quarter							
3rd quarter							
4th quarter							
April	107·9	99·9	104	121	116	138·4	96
May							
June							

(1) These indices are given to one decimal place, but this does not imply that they can be regarded as accurate to the last digit shown.

Fixed investment



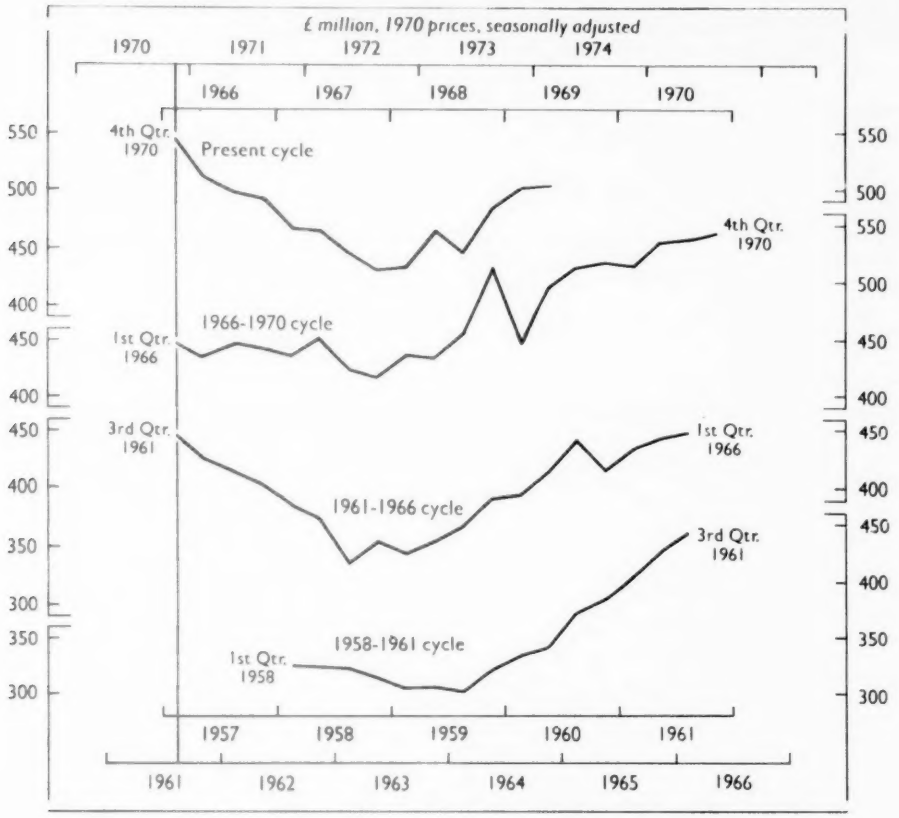
The investment cycle occurs mainly in manufacturing industry.

£ million, 1970 prices, seasonally adjusted

	Sectors		Selected industries		
	Private	Public	Manufacturing §	Gas, electricity and water	Transport and communication
1969 1st quarter	1,263	1,016	481	240	289
2nd quarter	1,257	978	504	216	272
3rd quarter	1,281	999	520	208	263
4th quarter	1,242	1,006	519	205	267
1970 1st quarter	1,246	990	515	198	281
2nd quarter	1,290	1,027	534	201	311
3rd quarter	1,315	1,003	538	186	287
4th quarter	1,273	1,079	542	198	301
1971 1st quarter	1,220	1,079	511	186	291
2nd quarter	1,331	1,001	498	180	321
3rd quarter	1,337	981	491	178	308
4th quarter	1,312	1,008	468	177	294
1972 1st quarter	1,344	1,025	466	150	320
2nd quarter	1,396	962	447	157	318
3rd quarter	1,389	957	430	156	321
4th quarter	1,449	907	432	145	309
1973 1st quarter	1,499	1,007	465	153	360
2nd quarter	1,412	946	448	156	290
3rd quarter	1,462	1,007	485	141	312
4th quarter	1,503	1,002	489	127	401

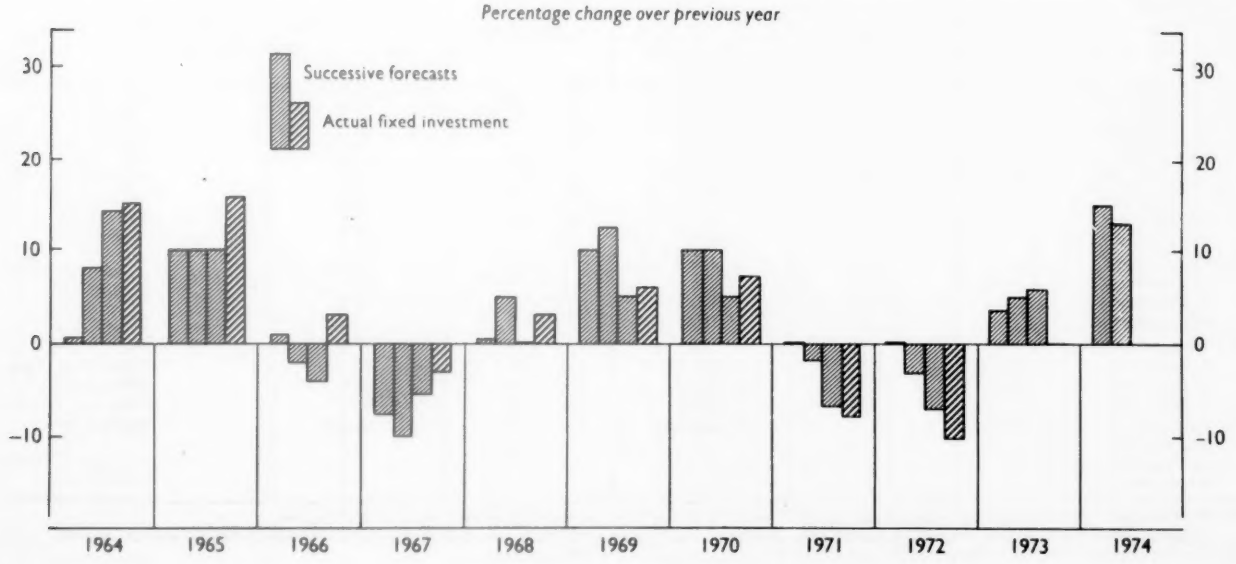
Fixed investment

Present and previous cycles of fixed investment in manufacturing industry

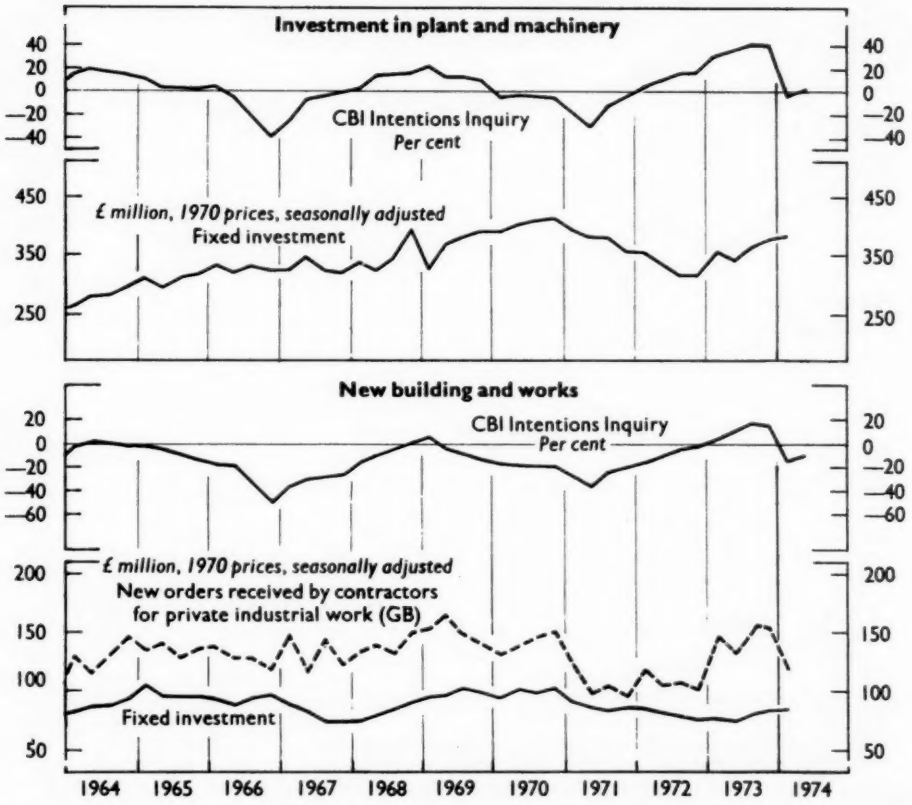


Department of Industry inquiry into investment intentions in manufacturing industry

For each year there have usually been three successive forecasts: the first in the preceding summer, the second at the end of the previous year and the third in the summer of the year concerned. Changes for the years before 1966 are in terms of current prices; those for later years are expressed in volume terms, after making an approximate allowance for price changes.



Other forward-looking indicators of fixed investment by manufacturing industry

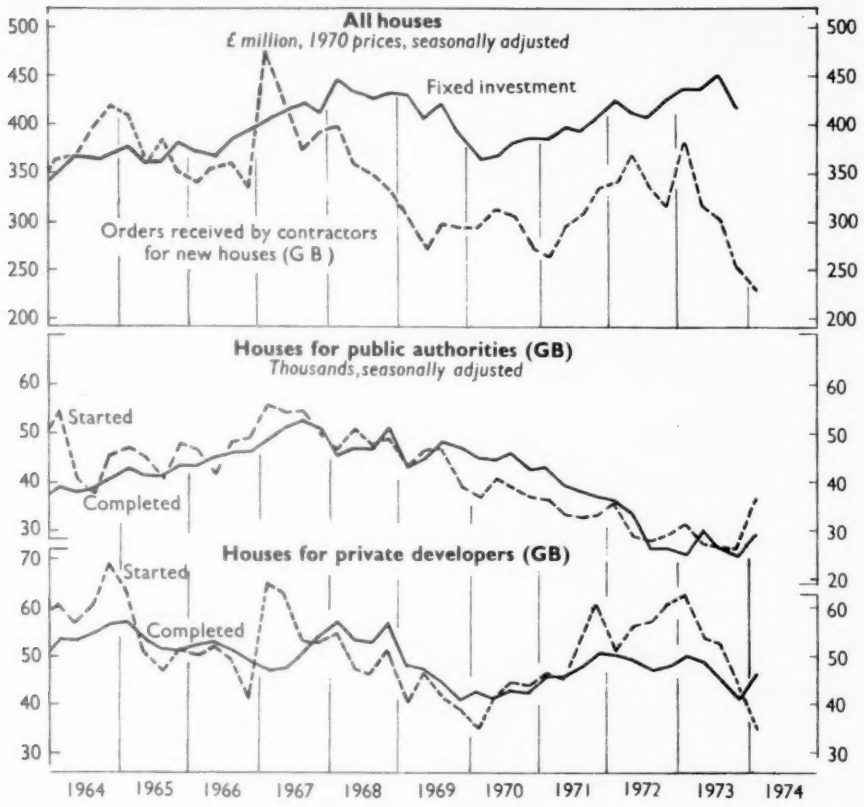


Turning points in the CBI Intentions Inquiry and in the value of orders received by contractors for private industrial work anticipate turning points in fixed investment.

	Plant and machinery in manufacturing industry		New building and works in manufacturing industry		New orders received by contractors for private industrial work (GB)
	CBI Intentions Inquiry	Fixed investment	CBI Intentions Inquiry	Fixed investment	
	Per cent (1)	£ million, 1970 prices, seasonally adjusted	Per cent (1)	£ million, 1970 prices, seasonally adjusted	
1970 1st quarter	— 5	391·6	—18	93·8	130
2nd quarter	— 3	404·9	—20	100·0	138
3rd quarter	..	410·5	..	98·4	145
4th quarter	— 8	412·4	—21	101·2	150
1971 1st quarter	(2)	393·9	(2)	90·4	121
2nd quarter	—31	384·4	—37	86·8	98
3rd quarter	—13	381·9	—25	82·4	104
4th quarter	..	355·0	..	85·1	96
1972 1st quarter	3	353·7	—17	83·4	119
2nd quarter	9	335·3	—11	81·0	104
3rd quarter	16	318·3	— 4	79·2	107
4th quarter	17	319·9	— 2	75·3	100
1973 1st quarter	30	353·9	4	77·4	147
2nd quarter	35	343·4	11	73·4	131
3rd quarter	39	367·9	18	82·0	158
4th quarter	38	379·3	16	83·7	152
1974 1st quarter	— 3	385·0(3)	—15	84·0(3)	119(3)
2nd quarter	2		—10		
3rd quarter					
4th quarter					

(1) Percentage of firms expecting to authorise more in next 12 months *less* percentage expecting to authorise less.
Figures relate to Inquiries in February, June and October of each year until 1972, when they are held in the first month of each quarter.
(2) No Inquiry was held in February 1971 because of the postal strike. (3) Provisional.

Forward-looking indicators of fixed investment in dwellings

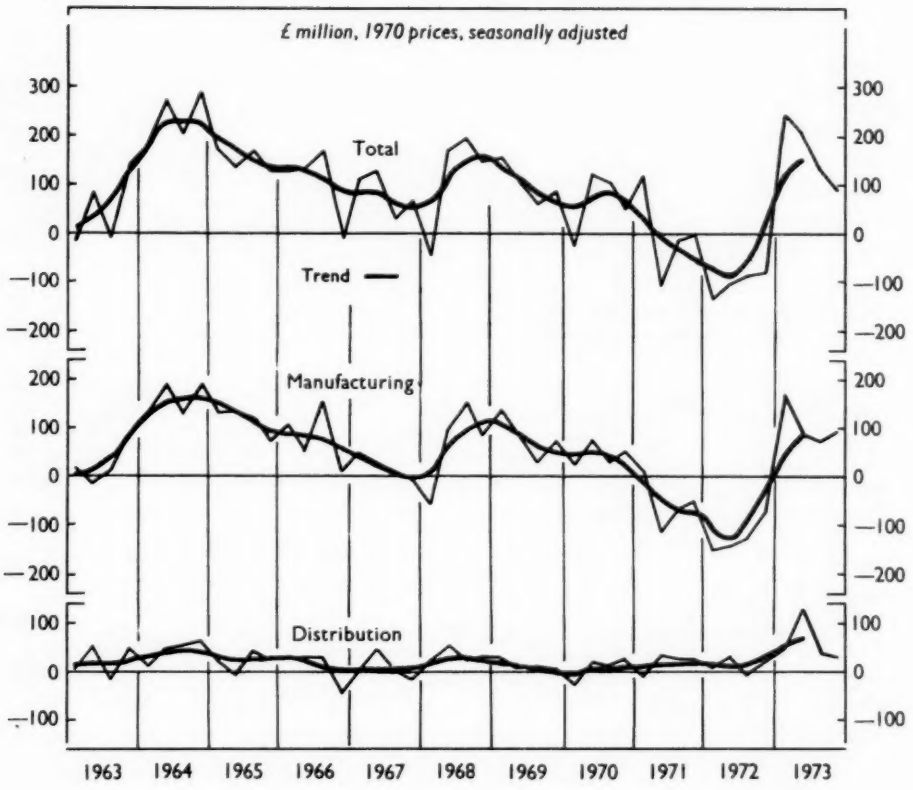


Seasonally adjusted

	Orders received by contractors for new houses (GB)	Fixed investment in dwellings	Houses for public authorities (GB) §		Houses for private developers (GB) §	
			Started	Completed	Started	Completed
	£ million, 1970 prices		Thousands			
1970 1st quarter	291	366	36·2	45·7	35·0	42·6
2nd quarter	308	369	40·5	45·2	41·9	41·2
3rd quarter	302	382	40·0	46·3	44·2	43·7
4th quarter	270	386	37·4	42·9	44·0	42·8
1971 1st quarter	260	385	36·4	43·6	46·5	46·0
2nd quarter	294	397	33·4	39·5	45·8	46·0
3rd quarter	308	392	33·1	38·3	53·8	48·5
4th quarter	334	407	33·7	37·5	61·2	51·1
1972 1st quarter	340	426	36·0	36·4	51·9	50·5
2nd quarter	368	410	28·9	33·5	57·0	49·8
3rd quarter	334	406	28·2	26·4	57·4	47·9
4th quarter	314	427	29·9	26·5	61·1	48·1
1973 1st quarter	381	436	31·6	25·5	62·8	50·7
2nd quarter	317	436	27·5	30·2	54·9	48·7
3rd quarter	300	449	27·2	26·8	53·0	45·0
4th quarter	253	417	26·5	25·0	44·2	41·7
1974 1st quarter	228 (1)		36·4	29·3	34·3	46·6
2nd quarter						
3rd quarter						
4th quarter						

(1) Provisional.

Stock changes



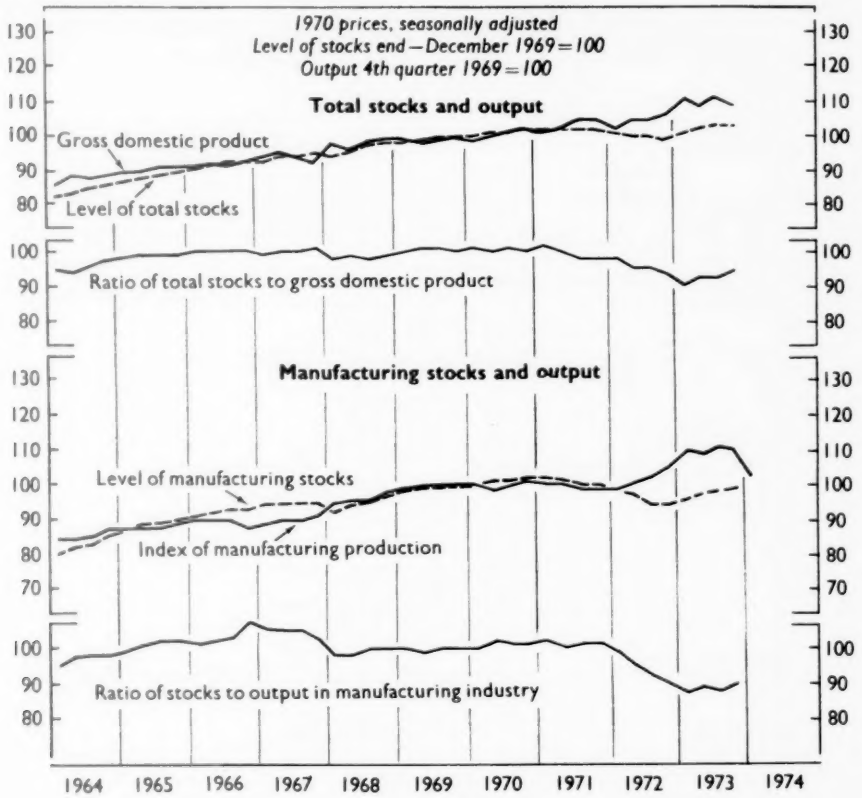
Stock changes are the value of physical increase or decrease of stocks and work in progress at constant prices, for the whole economy, for manufacturing and for wholesale and retail distribution.

£ million, 1970 prices, seasonally adjusted

	Total §	Manufacturing §	Distribution
1969 1st quarter	157	140	34
2nd quarter	107	83	6
3rd quarter	70	24	12
4th quarter	85	73	3
1970 1st quarter	— 21	22	—26
2nd quarter	125	76	20
3rd quarter	106	26	13
4th quarter	47	51	23
1971 1st quarter	114	10	— 8
2nd quarter	—103	—113	33
3rd quarter	— 18	— 68	24
4th quarter	—	— 47	24
1972 1st quarter	—131	—156	6
2nd quarter	—100	—145	28
3rd quarter	— 83	—125	— 4
4th quarter	— 80	— 72	20
1973 1st quarter	247	168	49
2nd quarter	209	87	138
3rd quarter	135	79	40
4th quarter	92	98	34

Relationship of stocks and output (stock/output ratios)

The level of stocks rises broadly with the level of output but the stock cycle lags behind the output cycle; the ratio of stocks to output therefore fluctuates: stocks are sometimes high in relation to output, sometimes low.

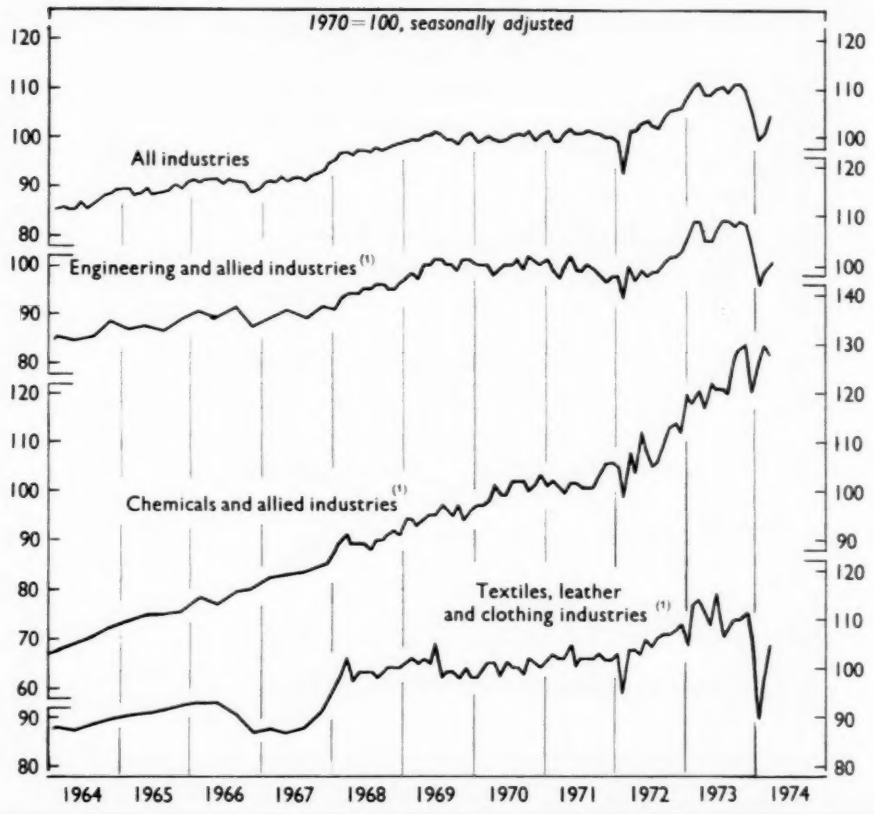


1970 prices, seasonally adjusted { Level of stocks end-Dec. 1969 = 100 / Output 4th quarter 1969 = 100

	Level of total stocks	Gross domestic product (1)	Ratio of total stocks to gross domestic product	Level of manufacturing stocks	Index of manufacturing production	Ratio of stocks to output in manufacturing industry
1970 1st quarter	100	99	101	100	100	100
2nd quarter	101	100	100	101	99	102
3rd quarter	101	101	101	101	100	101
4th quarter	102	102	100	102	101	101
1971 1st quarter	102	101	102	102	100	102
2nd quarter	102	102	100	101	100	100
3rd quarter	102	104	98	100	99	101
4th quarter	102	104	98	100	99	101
1972 1st quarter	101	103	98	98	99	99
2nd quarter	100	104	96	97	101	95
3rd quarter	100	104	96	95	102	93
4th quarter	99	106	94	95	105	90
1973 1st quarter	101	111	91	96	110	87
2nd quarter	102	109	93	97	109	89
3rd quarter	103	111	93	98	111	88
4th quarter	103	109	95	99	110	90
1974 1st quarter					103	
2nd quarter						
3rd quarter						
4th quarter						

(1) Based on expenditure data.

Index of industrial production



The index of industrial production covers about half of the gross domestic product.

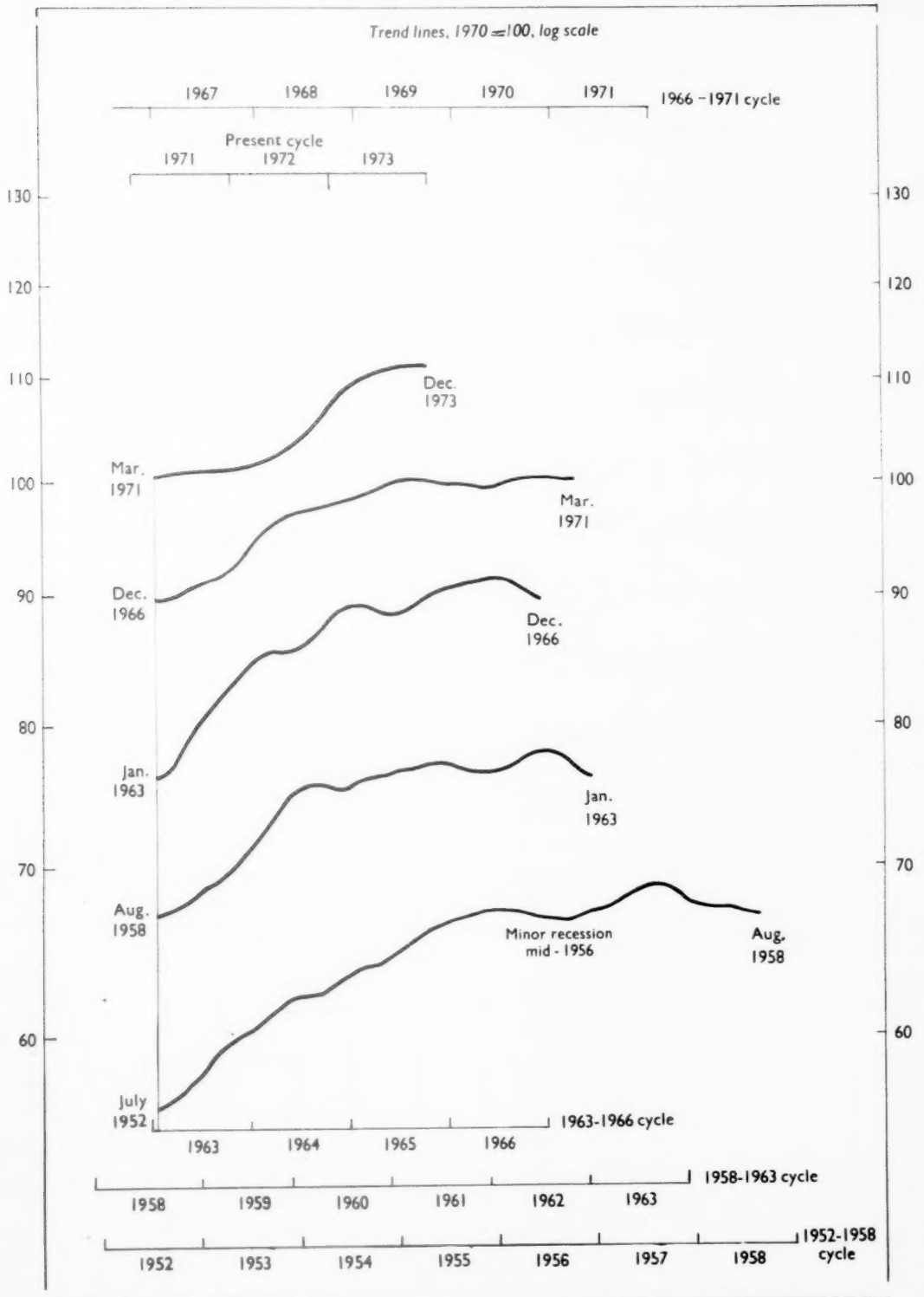
1970 = 100, seasonally adjusted

		All industries §	Manufacturing industries §		
			Engineering and allied industries	Chemicals and allied industries	Textiles, leather and clothing industries
	Weights	*1,000*	*319*	*58*	*76*
1972	January	99·8	98	105	103
	February	93·3	93	99	95
	March	101·4	100	108	104
	April	101·5	97	104	104
	May	103·0	99	112	103
	June	103·5	98	108	106
	July	102·2	99	105	105
	August	102·0	99	106	106
	September	104·4	101	111	107
	October	105·4	102	113	107
	November	105·9	102	114	108
	December	106·0	103	112	109
1973	January	108·5	106	120	105
	February	110·6	109	118	113
	March	111·6	109	121	114
	April	109·0	105	117	112
	May	108·9	105	122	109
	June	110·0	107	121	115
	July	110·3	109	121	107
	August	109·7	109	120	108
	September	110·8	108	127	110
	October	110·8	109	129	110
	November	109·8	108	130	111
	December	105·9	104	120	106
1974	January	99·4	96	127	90
	February	101·1	99	130	98
	March	104·7	101	128	105

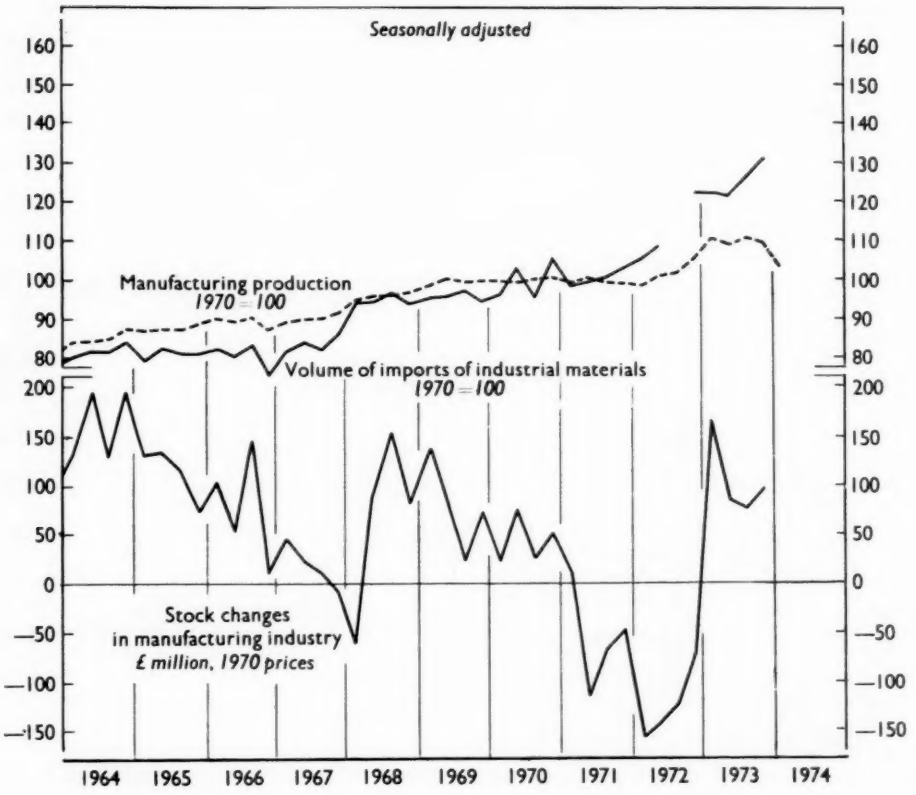
(1) Quarterly data only before 1968.

Cycles of industrial production

This chart shows cycles in the index of production (all industries).



Changes in stocks, manufacturing production and imports of industrial materials



Imports of industrial materials rise or fall with rising or falling manufacturing production and stockbuilding.

Seasonally adjusted

	Volume of imports of industrial materials (1)	Manufacturing industry	
		Production	Stock changes
	1970 = 100		£ million, 1970 prices
1970 1st quarter	96	100	22
2nd quarter	103	99	76
3rd quarter	95	100	26
4th quarter	106	101	51
1971 1st quarter	98	100	10
2nd quarter	100	100	—113
3rd quarter	100	99	— 68
4th quarter	104	99	— 47
1972 1st quarter	105	99	—156
2nd quarter	108	101	—145
3rd quarter	(2)	102	—125
4th quarter	122	105	— 72
1973 1st quarter	122	110	168
2nd quarter	121	109	87
3rd quarter	127	111	79
4th quarter	131	110	98
1974 1st quarter		104	
2nd quarter			
3rd quarter			
4th quarter			

(1) Basic materials and semi-finished manufactures. (2) Not available, affected by the dock strike.

Steel

Thousand tonnes, seasonally adjusted

	Crude steel production §	Finished steel consumption(1)	Changes in consumers' and merchants' stocks(1)
1970 1st quarter	6,911	4,514	+142
2nd quarter	6,949	4,364	+123
3rd quarter	6,918	4,463	+193
4th quarter	7,091	4,296	+166
1971 1st quarter	6,325	4,520	—118
2nd quarter	5,976	4,158	—214
3rd quarter	6,412	4,067	—180
4th quarter	5,560	3,977	—327
1972 1st quarter	5,228	3,933	— 27
2nd quarter	6,520	4,043	—145
3rd quarter	6,731	4,275	+ 36
4th quarter	6,875	4,499	+116
1973 1st quarter	6,674	4,667	+135
2nd quarter	6,418	4,368	+203
3rd quarter	6,963	4,599	+263
4th quarter	6,649	4,811	+258
1974 1st quarter	5,218	4,335(2)	+550
2nd quarter			
3rd quarter			
4th quarter			

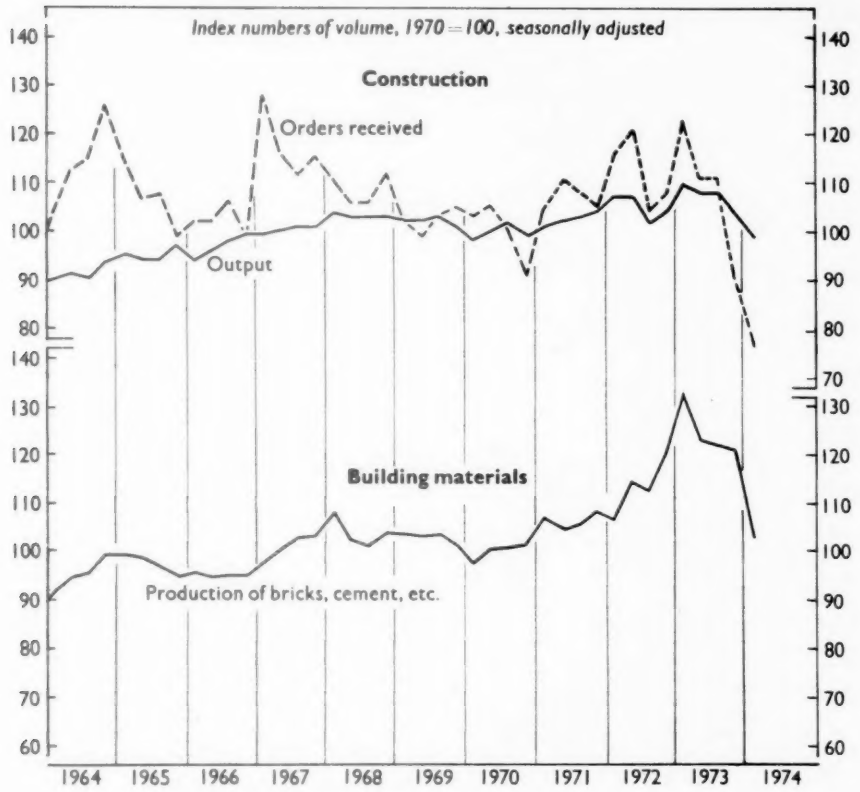
(1) From 1st quarter 1971 includes welded tubes, over 400mm internal diameter, previously excluded.
(2) Provisional.

Motor vehicle production

Thousands, seasonally adjusted

	Passenger cars			Commercial vehicles §
	Total	For home market §	For export §	Total
1970 1st quarter	407·8	223·2	184·6	109·1
2nd quarter	418·8	236·3	182·5	121·0
3rd quarter	346·9	196·2	150·7	93·6
4th quarter	467·4	262·4	205·0	133·8
1971 1st quarter	395·2	210·8	184·4	101·1
2nd quarter	428·9	240·7	188·2	123·6
3rd quarter	436·6	262·0	174·6	117·5
4th quarter	481·2	313·9	167·3	113·9
1972 1st quarter	439·5	290·3	149·2	92·0
2nd quarter	480·5	323·6	156·9	104·0
3rd quarter	491·8	345·0	146·8	100·7
4th quarter	509·5	349·0	160·5	111·4
1973 1st quarter	437·7	297·5	140·2	102·1
2nd quarter	417·3	272·3	145·0	101·4
3rd quarter	444·4	292·3	152·1	112·5
4th quarter	447·9	280·1	167·8	100·7
1974 1st quarter	355·8	222·8	133·0	86·2
2nd quarter				
3rd quarter				
4th quarter				

Construction industry

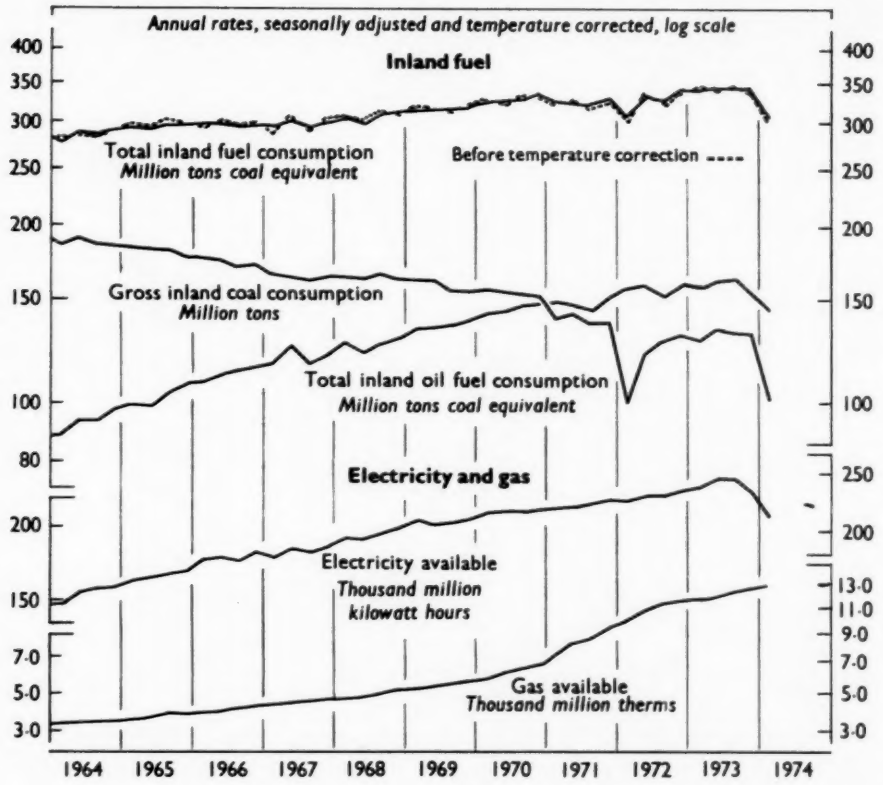


Index numbers of volume, 1970 = 100, seasonally adjusted

	Construction		Production of bricks, cement, etc.(1)
	Output(2) §	Orders received	
1970 1st quarter	98	103	98
2nd quarter	100	105	100
3rd quarter	102	101	101
4th quarter	99	91	101
1971 1st quarter	101	105	107
2nd quarter	102	111	105
3rd quarter	103	108	106
4th quarter	104	105	108
1972 1st quarter	107	116	107
2nd quarter	107	121	114
3rd quarter	102	104	112
4th quarter	104	108	121
1973 1st quarter	110	123	133
2nd quarter	108	111	124
3rd quarter	108	111	122
4th quarter	104	91	121
1974 1st quarter	99(3)	77(3)	103
2nd quarter			
3rd quarter			
4th quarter			

(1) Index of Industrial production series.
(2) Construction output figures include repair and maintenance, direct labour of public sector and estimates of unrecorded output by small firms and self-employed workers.
(3) Provisional.

Inland fuel and power consumption

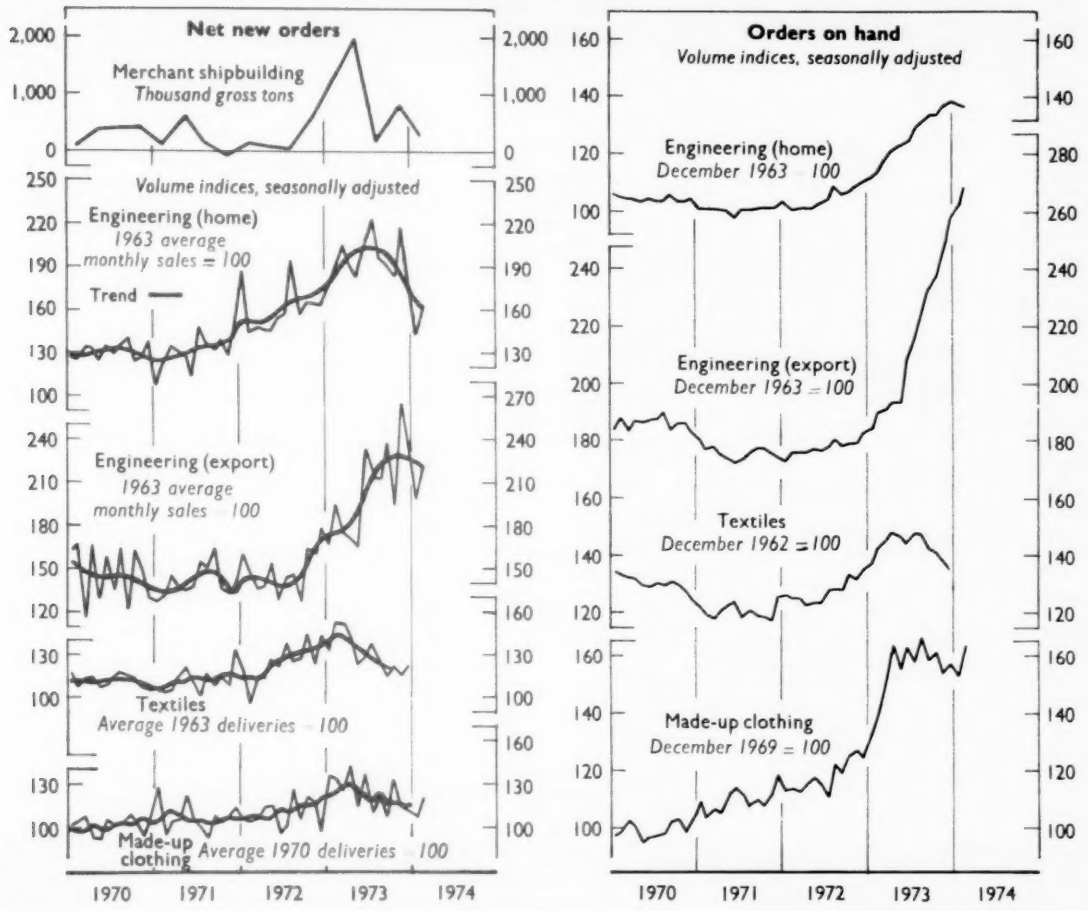


Annual rates, seasonally adjusted and temperature corrected

	Total inland fuel consumption (1)	Gross inland coal consumption	Total inland oil fuel consumption	Electricity available (2) (GB)	Gas available (3) (GB)
	Million tons coal equivalent	Million tons	Million tons coal equivalent	Th. million kilowatt hours	Thousand million therms
1970 1st quarter ..	322·9	157·1	141·1	212·7	5·88
2nd quarter ..	325·6	154·9	143·5	213·4	6·17
3rd quarter ..	329·6	153·2	148·8	213·3	6·43
4th quarter ..	333·1	151·5	149·2	215·2	6·73
1971 1st quarter ..	324·3	140·3	149·3	217·0	7·33
2nd quarter ..	323·9	140·7	147·8	218·3	8·01
3rd quarter ..	319·9	137·6	144·3	220·1	8·52
4th quarter ..	329·5	137·6	150·9	223·3	9·15
1972 1st quarter ..	308·6	101·9	157·9	222·4	9·98
2nd quarter ..	330·7	122·2	159·0	227·8	10·70
3rd quarter ..	328·8	128·9	152·6	228·3	11·18
4th quarter ..	341·6	130·6	160·5	233·8	11·42
1973 1st quarter ..	339·8	129·6	158·8	237·8	11·51
2nd quarter ..	344·1	134·2	162·1	244·8	11·69
3rd quarter ..	343·2	132·0	162·7	243·5	12·08
4th quarter ..	343·9	131·1	154·9	232·6	12·51
1974 1st quarter ..	309·8	100·5	145·0	211·3	12·84
2nd quarter ..					
3rd quarter ..					
4th quarter ..					

(1) Includes consumption of nuclear energy. (2) The inclusion of Northern Ireland would add about 2% to the total. (3) The inclusion of Northern Ireland would add about 0·5% to the total.

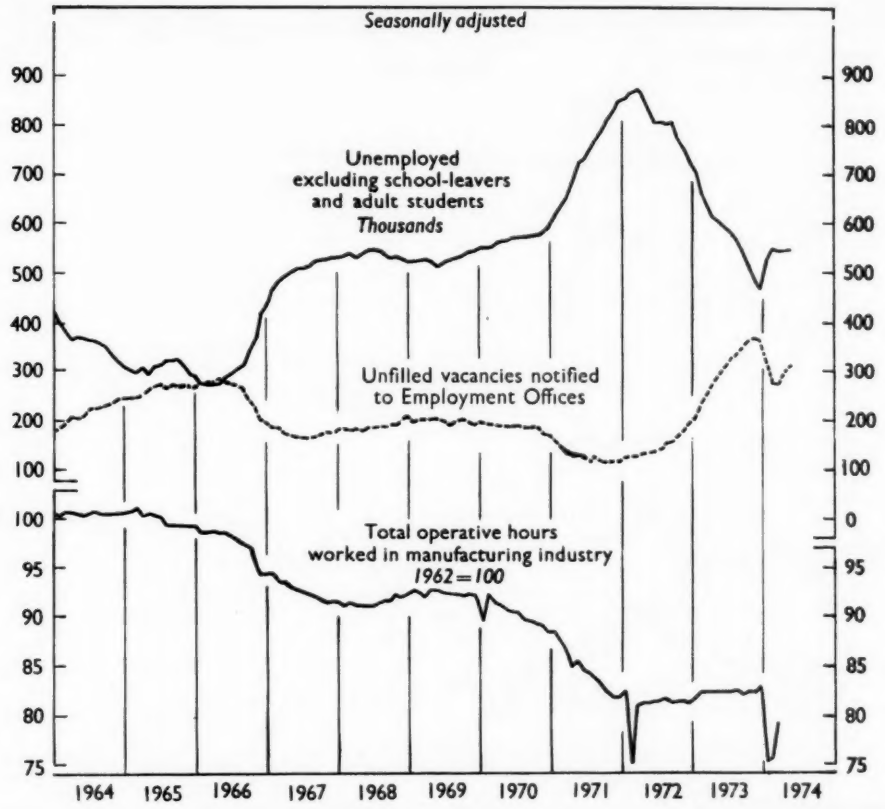
Orders: selected manufacturing industries



	Engineering industries (1)				Textiles industry		Made-up clothing industry		Merchant shipbuilding
	Home market		Export						
	Orders on hand end of period	Net new orders	Orders on hand end of period	Net new orders	Orders on hand end of period	Net new orders	Orders on hand end of period	Net new orders	Net new orders
	Dec.1963=100	1963 average monthly sales=100	Dec.1963=100	1963 average monthly sales=100	Dec.1962=100	Average 1963 deliveries=100	Dec.1969=100	Average 1970 deliveries=100	Thousand gross tons
	Seasonally adjusted								
1972 1st qtr. ..	101	160	176	147	125	110	113	105	143
2nd qtr...	103	149	177	140	124	120	116	110	72
3rd qtr...	107	170	178	139	128	131	120	112	22
4th qtr...	110	165	184	168	135	138	125	113	585
1973 1st qtr. ..	118	191	191	179	145	146	153	131	1,293
2nd qtr...	124	193	209	190	145	132	164	132	1,992
3rd qtr...	134	204	233	221	143	127	159	113	243
4th qtr...	139	193	258	232	135	120	157	119	829
1974 1st qtr. ..									254
2nd qtr...									
3rd qtr...									
4th qtr...									
1973 October..	134	183	236	195	141	121	162	133	
November	138	219	249	267	139	117	155	114	
December	139	176	258	235	135	121	157	110	
1974 January ..	137	142	263	200			153	109	
February	136	162	269	221			164	121	

(1) Mechanical, instrument and electrical engineering (SIC Orders VII, VIII and IX).

Unemployment and unfilled vacancies, hours worked
Great Britain



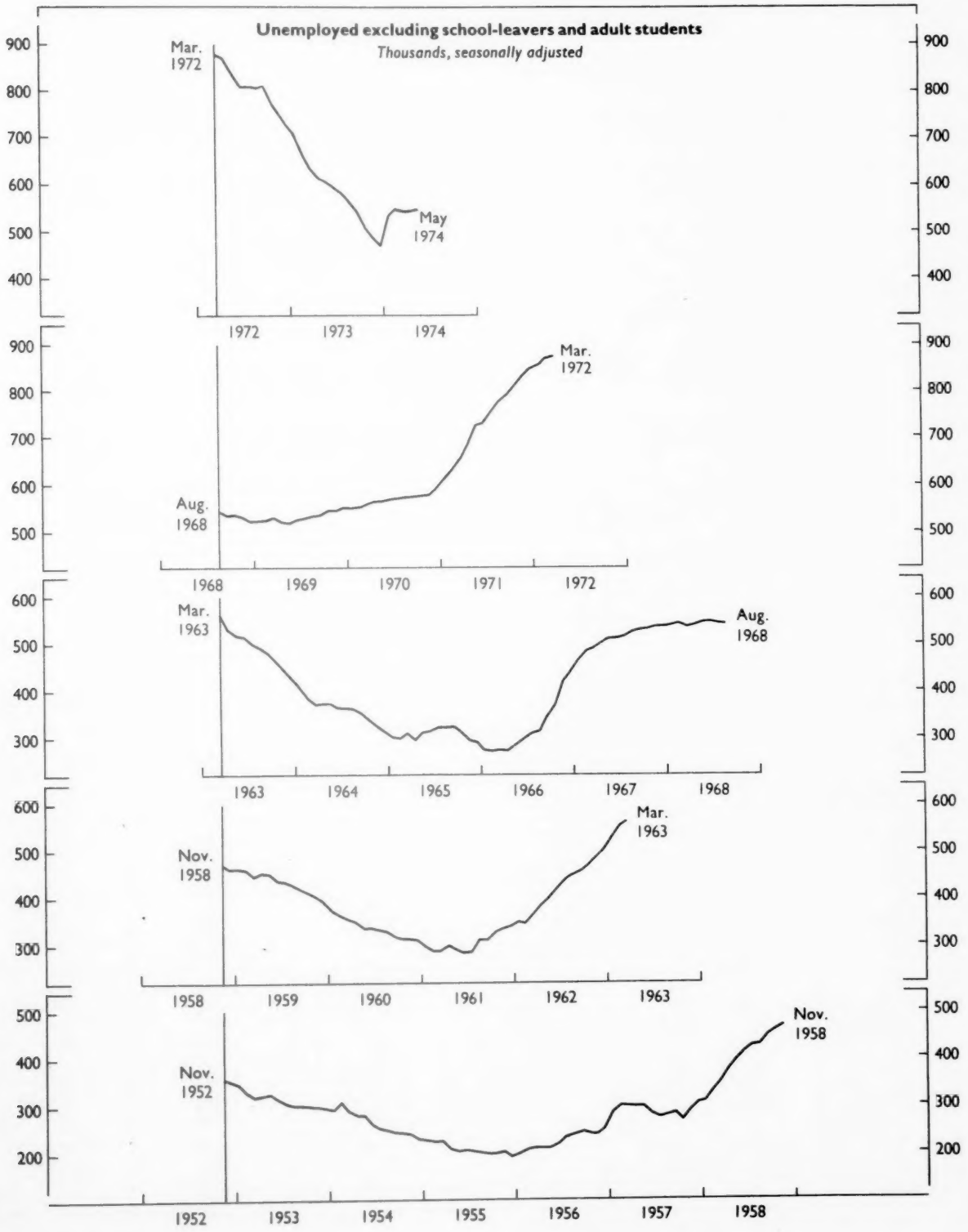
		Unemployed excluding school-leavers and adult students			Unfilled vacancies notified to Employment Offices(1)§		Total operative hours worked in manufacturing industry
		Total §		Production industries			
		Actual	Seasonally adjusted	Actual	Actual	Seasonally adjusted	1962=100 Seasonally adjusted
		Thousands					
1972	April	895	868	487	130	129	81·5
	May	822	839	451	140	131	81·5
	June	757	808	415	156	137	81·6
	July	756	809	405	153	140	81·6
	August	772	806	407	154	149	82·0
	September	781	809	411	158	153	81·7
	October	766	776	390	166	164	81·8
	November	757	752	374	174	179	81·8
	December	733	721	361	180	193	81·5
1973	January	760	702	376	185	203	81·9
	February	711	663	348	219	230	82·6
	March	678	635	331	244	252	82·6
	April	644	616	313	273	271	82·6
	May	588	605	289	301	291	82·6
	June	541	593	268	323	304	82·6
	July	528	581	257	337	324	82·6
	August	530	563	256	335	330	82·7
	September	514	542	246	353	349	82·3
	October	502	512	235	365	363	82·6
	November	491	486	228	363	368	82·5
	December	483	470	229	348	362	83·0
1974	January	593	535	292	285	304	75·2
	February	596	549	297	267	278	75·8
	March	588	545	295	267	274	79·8
	April	574	546	283	298	297	
	May	530	548	264	324	314	
	June						

(1) Chiefly for adults but including some vacancies suitable for young persons.

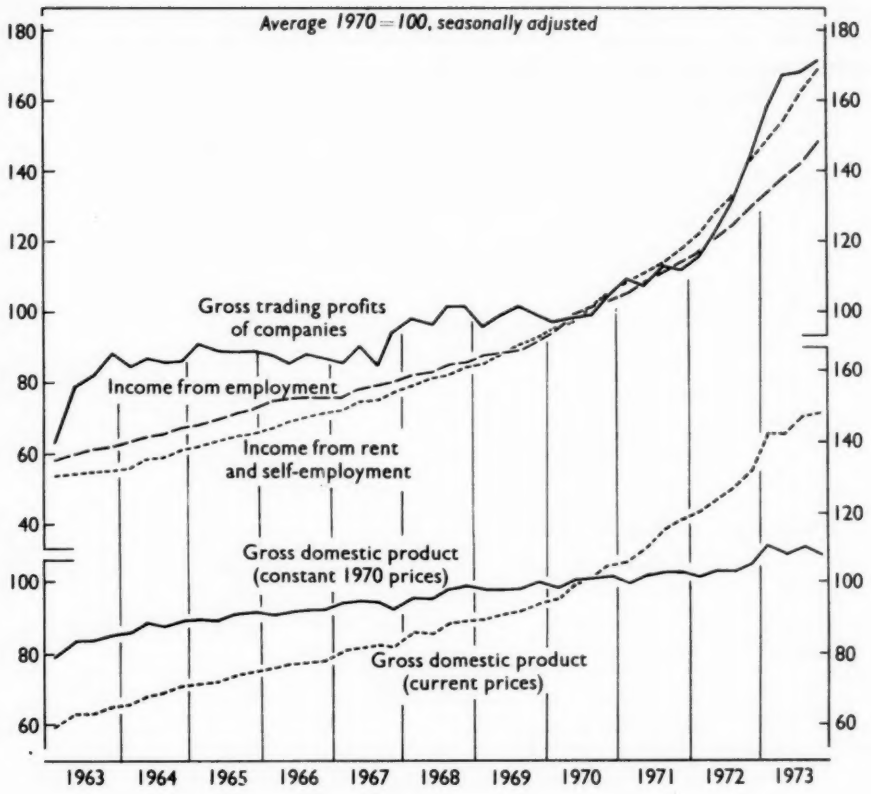
Present and previous cycles of unemployment

Great Britain

The unemployment cycle has usually lagged some months behind the production cycle (see page 19).



Incomes and output



Incomes have generally risen faster than output; as a consequence gross domestic product has grown faster in money value than in real terms.

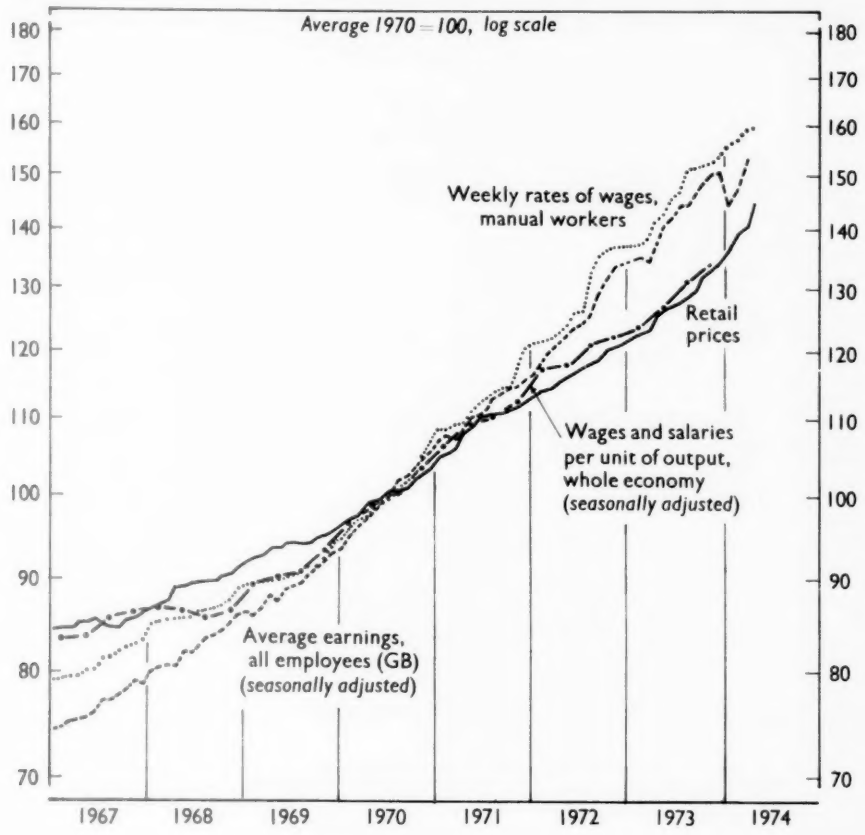
Average 1970 = 100, seasonally adjusted

	Income from employment §	Gross trading profits of companies §	Income from rent and self-employment §	Gross domestic product(1)	
				At current prices	At constant (1970) prices §
Value in 1973 (£ million)	*42,559*	*8,632*	*11,131*	*62,079*	*46,925*
1969 1st quarter	87·6	96·5	85·4	89·5	98·1
2nd quarter	88·3	99·8	88·2	90·4	97·9
3rd quarter	89·6	101·2	90·4	92·0	98·3
4th quarter	92·7	99·2	92·6	94·0	99·6
1970 1st quarter	94·5	97·0	94·7	95·1	98·2
2nd quarter	99·4	99·0	98·1	99·1	100·0
3rd quarter	102·2	99·5	102·0	101·0	100·4
4th quarter	104·0	104·5	105·3	104·8	101·4
1971 1st quarter	106·1	109·1	107·8	105·9	100·1
2nd quarter	109·1	108·2	111·4	110·2	101·4
3rd quarter	112·3	113·3	114·7	116·5	103·3
4th quarter	114·4	112·6	117·7	118·3	103·3
1972 1st quarter	116·9	115·8	122·0	120·2	102·2
2nd quarter	121·6	122·7	127·8	123·4	103·4
3rd quarter	124·8	130·4	132·7	126·8	103·3
4th quarter	130·1	143·8	143·5	132·5	105·1
1973 1st quarter	134·3	157·3	148·5	142·8	110·6
2nd quarter	139·1	167·0	154·7	142·2	108·9
3rd quarter	142·7	168·5	163·1	146·9	110·1
4th quarter	147·6	171·2	169·5	147·8	108·6

(1) Gross domestic product at factor cost, based on expenditure data.

Wage rates, earnings, wages and salaries per unit of output and retail prices

Wage and salary earnings tend to rise together and faster than retail prices. In most periods, earnings rise faster than basic rates of pay but, with increasing productivity, wages and salaries per unit of output rise more slowly.

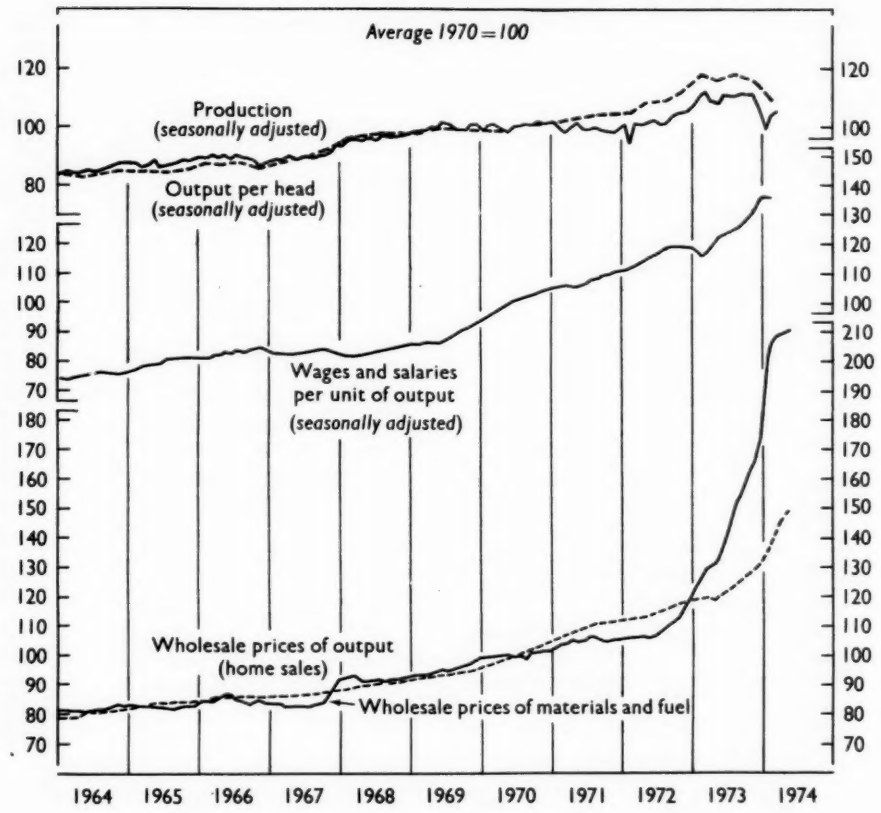


Average 1970 = 100

	Weekly rates of wages, manual workers	Average earnings, all employees (GB) §	Wages and salaries per unit of output, whole economy	General index of retail prices
	Seasonally adjusted			
1970 1st quarter	96·0	95·2	96·9	97·1
2nd quarter	98·3	98·4	99·0	99·5
3rd quarter	100·8	101·5	100·7	100·6
4th quarter	104·8	104·9	103·4	102·7
1971 1st quarter	108·8	107·4	106·5	105·5
2nd quarter	111·1	109·8	109·1	109·3
3rd quarter	113·9	112·9	111·1	110·8
4th quarter	117·7	114·9	112·5	112·2
1972 1st quarter	121·7	118·3(')	116·8	113·9
2nd quarter	124·4	122·4	117·4	116·1
3rd quarter	131·1	126·6	120·6	117·9
4th quarter	136·8	133·1	122·4	120·8
1973 1st quarter	137·8	134·7	124·1	123·0
2nd quarter	143·8	139·9	126·9	126·9
3rd quarter	149·8	145·1	131·0	128·8
4th quarter	152·9	149·9	134·0	133·2
1974 1st quarter	157·6	148·4		138·8
2nd quarter				
3rd quarter				
4th quarter				

(') As industrial activity was severely disrupted by restricted electricity supplies, no enquiry was held in February. The index is therefore given as an average of the January and March figures.

Manufacturing industry: output, costs and prices



There are cyclical variations in the growth of output per head and in wages and salaries per unit of output. Wholesale prices of output are not generally sensitive to these short-term fluctuations but follow rather their long-term trend.

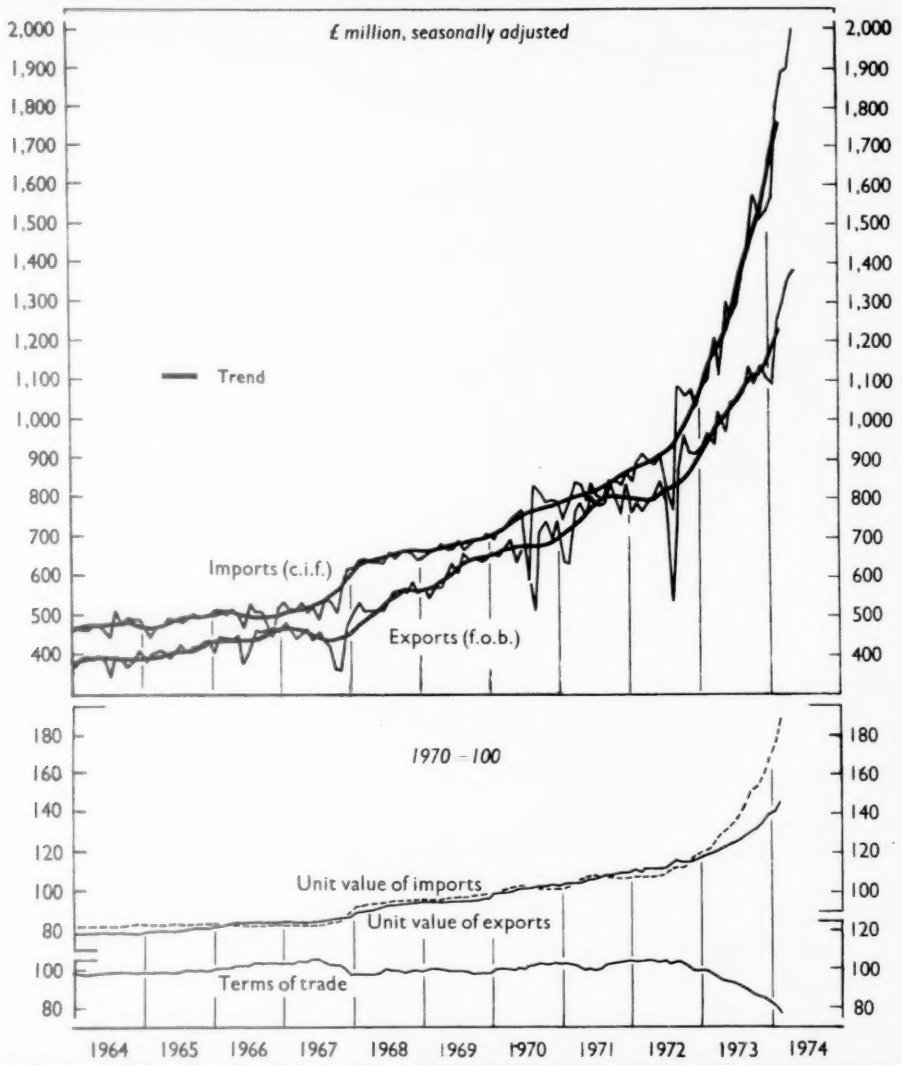
Average 1970 = 100

	Production	Output per head	Wages and salaries per unit of output	Wholesale prices	
	Seasonally adjusted			Materials and fuel(1)	Output Home sales(2)
1970 1st quarter ..	99·7	99·3	95·4	99·2	96·7
2nd quarter ..	99·2	98·9	99·3	99·7	98·9
3rd quarter ..	100·2	100·3	101·6	99·8	100·9
4th quarter ..	100·8	101·4	103·7	101·4	103·4
1971 1st quarter ..	99·7	100·9	105·7	103·0	106·3
2nd quarter ..	100·2	103·1	106·0	104·9	108·7
3rd quarter ..	99·3	103·3	108·3	105·6	110·3
4th quarter ..	98·8	104·2	110·1	104·8	110·8
1972 1st quarter ..	98·6	105·0	111·9(3)	105·6	112·1
2nd quarter ..	101·2	108·2	115·5	106·1	113·5
3rd quarter ..	102·3	109·4	118·5	109·4	115·6
4th quarter ..	105·4	112·8	119·6	115·6	118·0
1973 1st quarter ..	110·4	117·7	117·3	126·0	119·5
2nd quarter ..	109·4	116·3	122·4	133·4	120·1
3rd quarter ..	110·7	117·5	125·6	150·5	124·2
4th quarter ..	109·7	116·1	132·1	167·2	129·1
1974 1st quarter ..	103·5	109·9		206·5	138·3
2nd quarter ..					
3rd quarter ..					
4th quarter ..					

(1) Revised method of calculation to include levies on certain imported foods from 3rd quarter 1971. (2) Reductions in the VAT-exclusive prices of alcoholic liquor, tobacco and cigarettes, matches and mechanical lighters took place in April. These reductions resulted from lower revenue duties designed to offset additional tax revenue from VAT. With unchanged prices in April for these products, index numbers for quarters from 2nd quarter 1973 onwards would have been higher by 1·7. (3) Average of the January and March figures. See footnote (1) on page 29.

Exports and imports: terms of trade

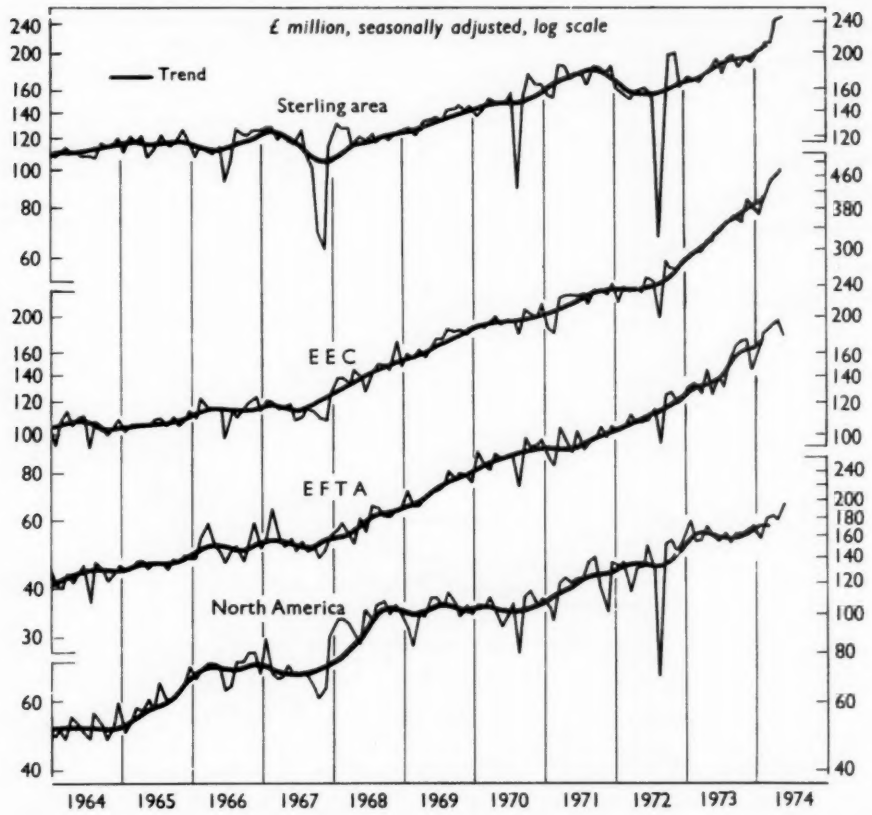
The index numbers of unit value give measures of price changes in United Kingdom exports and imports. A rise in the terms of trade (unit value index for exports divided by unit value index for imports) is favourable to the visible balance of payments.



	Exports (f.o.b.) §	Imports (c.i.f.) §	Unit value of exports	Unit value of imports	Terms of trade
	£ million, seasonally adjusted		1970=100		
1973 January	941	1,085	117·0	119·4	98·0
February	960	1,094	119·4	121·7	98·1
March	935	1,211	120·8	125·4	96·3
April	1,013	1,112	122·0	129·5	94·2
May	966	1,303	123·5	131·8	93·7
June	1,036	1,264	124·9	134·1	93·1
July	1,042	1,308	126·5	139·0	91·0
August	1,075	1,410	128·2	144·5	88·7
September	1,134	1,445	130·6	150·3	86·9
October	1,089	1,574	131·6	153·7	85·6
November	1,137	1,515	135·0	158·3	85·3
December	1,126	1,533	139·1	166·1	83·7
1974 January	1,093	1,574	141·2	175·9	80·3
February	1,259	1,816	145·2	188·7	76·9
March	1,292	1,894			
April	1,372	1,906			
May	1,385	2,002			
June					

Note : The figures on this page are calculated on an *Overseas Trade Statistics* basis. No adjustment has been made for factors affecting the recording of exports. The imports figures exclude US military aircraft.

Exports: analysis by destination

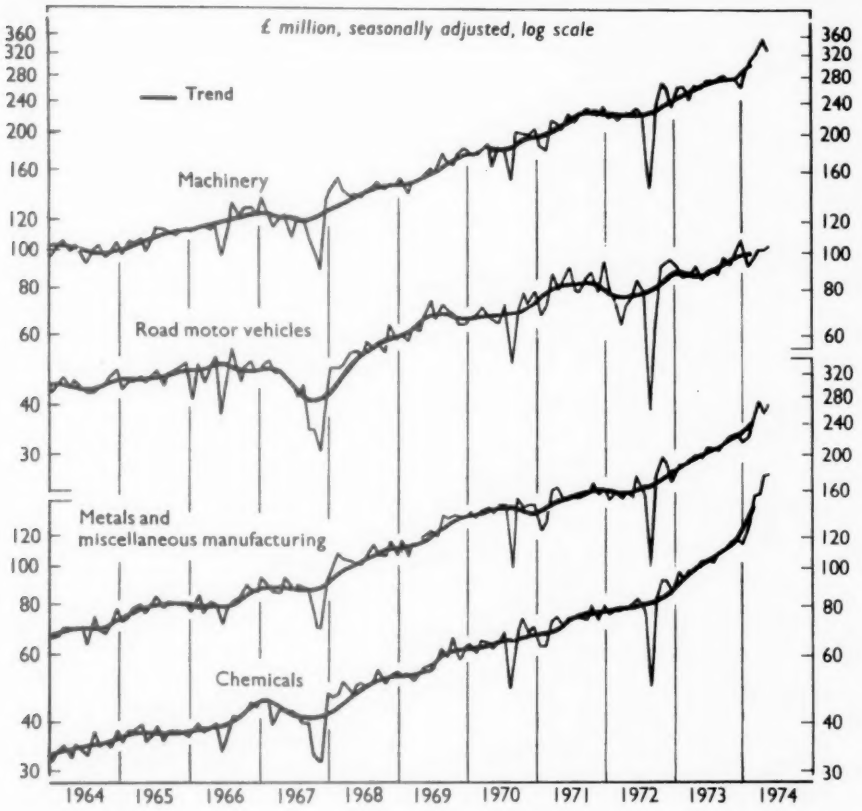


£ million, seasonally adjusted

		Total	Sterling area outside Europe(1)	EEC(2)	EFTA(2)	North America
1972	April	791	158	235	108	131
	May	802	159	231	108	132
	June	847	161	251	109	150
	July	802	152	246	116	129
	August	531	67	199	95	70
	September	866	144	278	127	152
	October	958	198	268	128	155
	November	917	199	267	120	144
	December	913	162	273	122	153
1973	January	941	172	285	131	174
	February	960	169	296	134	154
	March	935	168	296	126	155
	April	1,013	176	313	146	169
	May	966	182	312	125	159
	June	1,036	192	334	139	155
	July	1,042	177	341	131	161
	August	1,075	194	354	152	151
	September	1,134	197	366	169	161
	October	1,089	183	350	172	161
	November	1,137	194	400	174	165
	December	1,126	190	383	146	170
1974	January	1,093	201	367	167	158
	February	1,259	214	407	180	180
	March	1,292	213	443	189	181
	April	1,372	241	464	197	175
	May	1,385	247	480	179	197
	June					

(1) Excluding Irish Republic which is included in EEC. (2) 1973 basis.

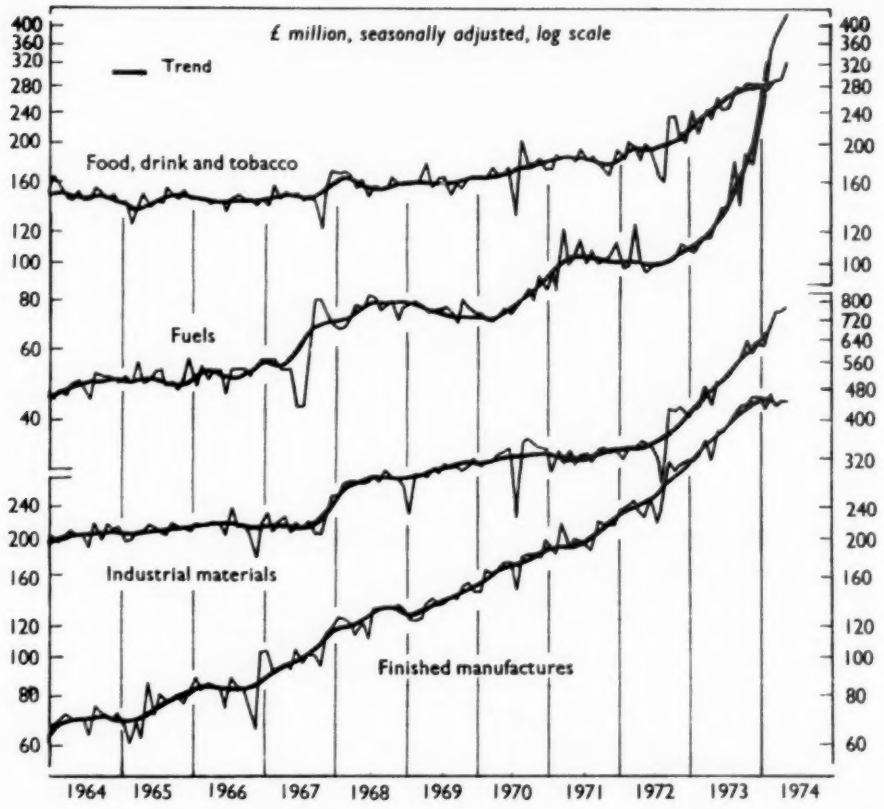
Exports: analysis by commodity classes



£ million, seasonally adjusted

		Total	Machinery	Road motor vehicles	Metals and miscellaneous manufacturing	Chemicals
1972	April	791	224	73	160	80
	May	802	223	78	156	82
	June	847	232	84	175	84
	July	802	227	78	157	79
	August	531	148	38	101	50
	September	866	241	67	175	83
	October	958	269	92	198	93
	November	917	261	94	185	93
	December	913	234	96	169	87
1973	January	941	263	92	188	98
	February	960	263	86	188	94
	March	935	242	87	192	99
	April	1,013	266	92	199	98
	May	966	262	85	195	102
	June	1,036	274	89	209	105
	July	1,042	276	91	208	103
	August	1,075	278	88	204	110
	September	1,134	282	97	211	111
	October	1,089	276	93	221	116
	November	1,137	278	99	227	119
	December	1,126	262	104	218	117
1974	January	1,093	291	93	221	127
	February	1,259	313	97	245	155
	March	1,292	324	101	272	157
	April	1,372	352	101	252	174
	May	1,385	328	104	269	176
	June					

Imports: analysis by commodity classes

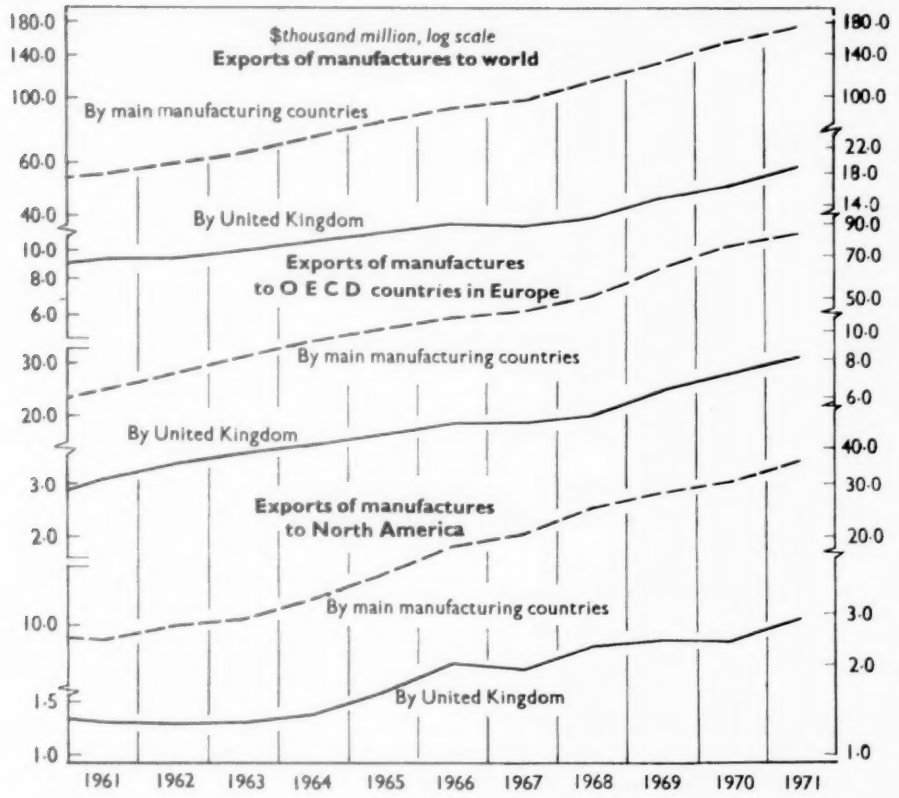


£ million, seasonally adjusted

		Total (1)	Food, drink and tobacco	Fuels	Industrial materials (2)	Finished manufactures (1)
1972	April	888	181	104	348	232
	May	881	198	95	345	225
	June	904	195	99	339	253
	July	816	165	97	315	222
	August	765	161	101	267	239
	September	1,083	234	103	428	311
	October	1,064	235	104	417	298
	November	1,076	208	111	429	309
	December	1,031	202	110	409	317
1973	January	1,085	244	107	423	315
	February	1,094	212	111	431	325
	March	1,211	245	114	488	353
	April	1,112	231	114	436	316
	May	1,303	262	129	499	376
	June	1,264	246	138	495	372
	July	1,308	248	138	515	391
	August	1,410	280	180	543	411
	September	1,445	276	140	571	433
	October	1,574	286	189	637	437
	November	1,515	284	179	588	452
	December	1,533	284	188	620	452
1974	January	1,574	272	263	617	429
	February	1,816	279	346	701	464
	March	1,894	290	385	751	433
	April	1,906	291	400	756	448
	May	2,002	323	428	770	444
	June					

(1) Excluding US military aircraft, etc. (2) See also page 20.

United Kingdom exports of manufactures in world markets

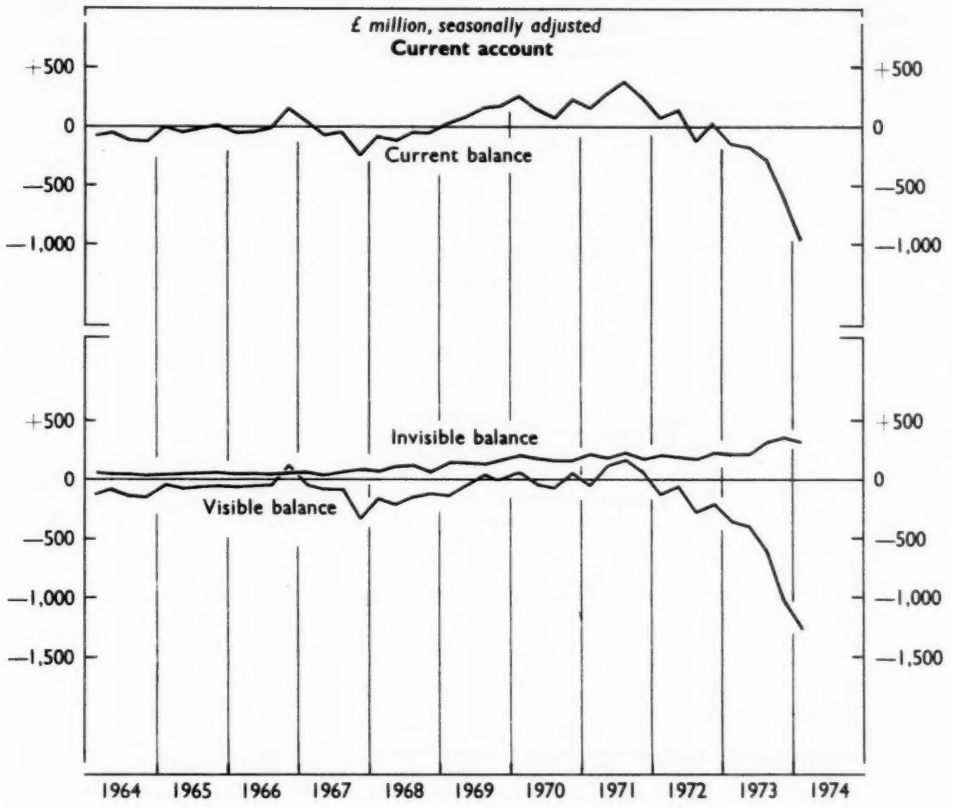


$ thousand million

	To world		To OECD countries in Europe (including Finland and Iceland)		To North America	
	By main manufacturing countries (1)	By United Kingdom	By main manufacturing countries (1)	By United Kingdom	By main manufacturing countries (1)	By United Kingdom
1961	55·47	9·12	24·66	3·14	8·98	1·27
1962	60·10	9·34	27·95	3·51	10·00	1·27
1963	65·15	9·99	31·28	3·86	10·52	1·28
1964	74·35	10·57	35·89	4·17	12·29	1·37
1965	83·01	11·47	39·61	4·43	15·00	1·63
1966	92·92	12·29	43·62	4·85	18·61	2·01
1967	99·45	12·10	45·78	4·89	20·54	1·94
1968	114·50	12·99	51·74	5·21	25·56	2·31
1969	134·08	15·01	63·13	6·36	28·87	2·44
1970	154·32	16·34	75·33	7·26	30·67	2·41
1971	174·02	19·03	83·65	8·29	36·76	2·90

(1) United Kingdom, United States of America, German Federal Republic, France, Italy, Belgium/Luxembourg, Netherlands, Sweden, Switzerland, Canada and Japan.

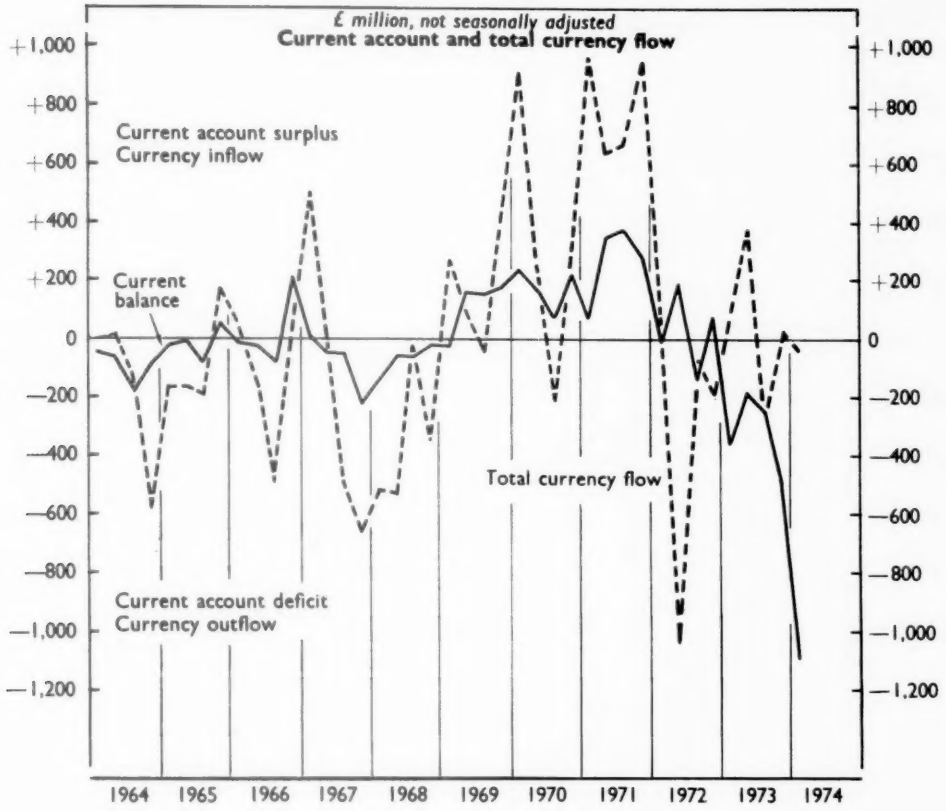
Balance of payments



£ million, seasonally adjusted

	Current account		
	Visible balance	Invisible balance	Current balance
1970 1st quarter	+ 59	+200	+259
2nd quarter	— 46	+186	+140
3rd quarter	— 77	+166	+ 89
4th quarter	+ 55	+165	+220
1971 1st quarter	— 52	+202	+150
2nd quarter	+105	+188	+293
3rd quarter	+172	+210	+382
4th quarter	+ 60	+188	+248
1972 1st quarter	—121	+205	+ 84
2nd quarter	— 64	+198	+134
3rd quarter	—284	+170	—114
4th quarter	—208	+218	+ 10
1973 1st quarter	—351	+205	—146
2nd quarter	—399	+211	—188
3rd quarter	—606	+315	—291
4th quarter	—1,019	+358	—661
1974 1st quarter	—1,288	+309	—979
2nd quarter			
3rd quarter			
4th quarter			

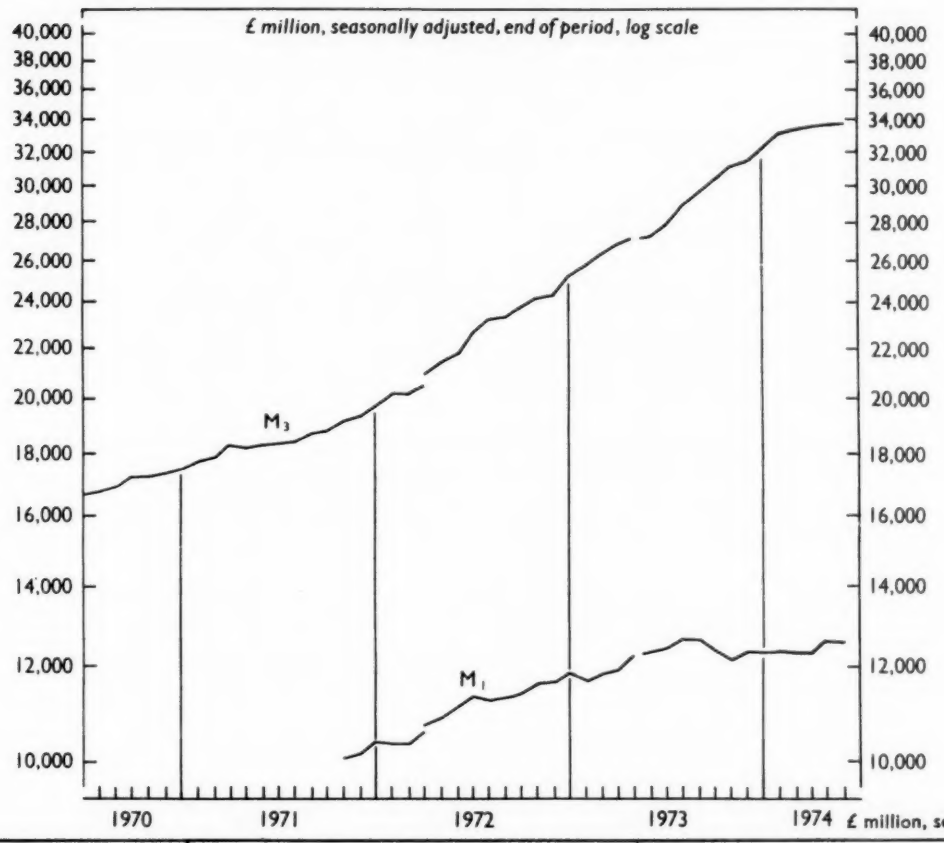
Balance of payments (*continued*)



£ million, not seasonally adjusted

	Current balance	Total currency flow
1970 1st quarter	+237	+ 915
2nd quarter	+166	+ 227
3rd quarter	+ 74	— 202
4th quarter	+231	+ 347
1971 1st quarter	+ 68	+ 973
2nd quarter	+349	+ 634
3rd quarter	+374	+ 668
4th quarter	+282	+ 953
1972 1st quarter	— 12	+ 57
2nd quarter	+192	—1,045
3rd quarter	—144	— 79
4th quarter	+ 78	— 198
1973 1st quarter	—368	+ 69
2nd quarter	—186	+ 377
3rd quarter	—243	— 258
4th quarter	—489	+ 22
1974 1st quarter	—1,089	— 39
2nd quarter		
3rd quarter		
4th quarter		

Monthly stock of money

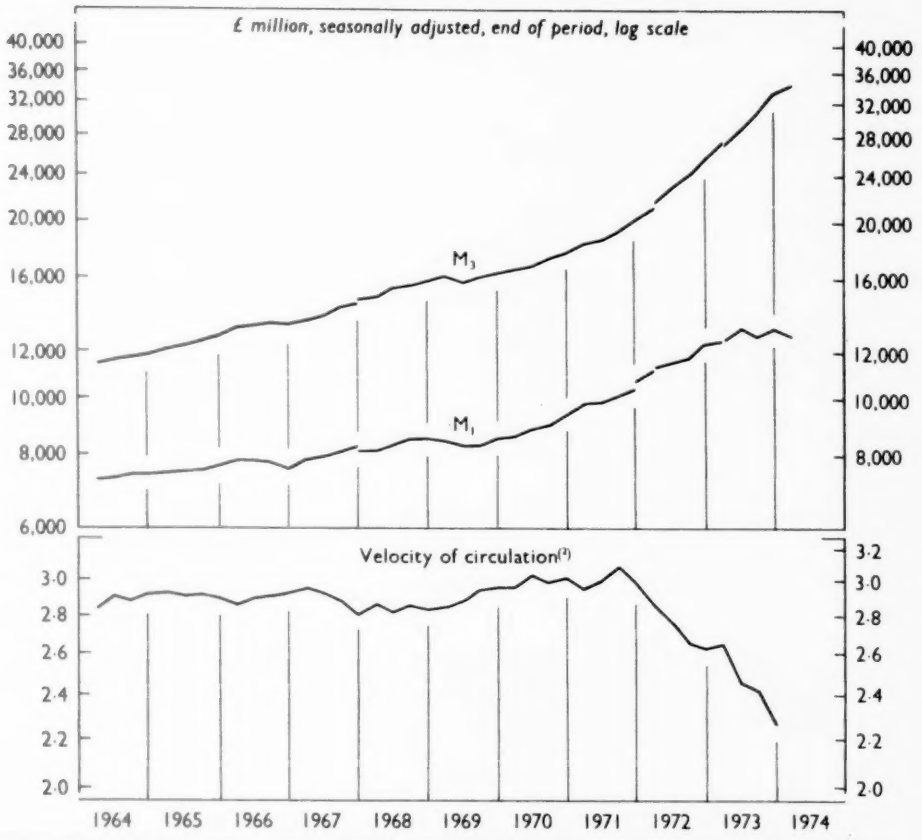


	M1 (1)(2)		M3 (1)(2)	
	Outstanding	Changes during 'banking months' ending	Outstanding	Changes during 'banking months' ending
1972 July 19	11,300	— 68	23,130	476
August 16	11,350	47	23,300	164
September 20	11,420	70	23,770	474
October 18	11,580	160	24,070	299
November 15	11,630	48	24,380	324
December 13	11,840	210	25,070	699
1973 January 17	11,730	—101	25,630	559
February 21	11,820	81	26,410	777
March 21	11,940	122	26,820	409
April 18(3)	12,270	336	27,190	373
	12,270		27,130	
May 16	12,310	38	27,240	108
June 20	12,440	130	27,900	659
July 18	12,660	218	28,990	1,097
August 15	12,620	— 42	29,610	617
September 19	12,350	—267	30,330	720
October 17	12,150	—197	31,080	751
November 21	12,330	178	31,480	399
December 12	12,320	— 14	32,310	828
1974 January 16	12,340	25	33,020	711
February 20	12,270	— 76	33,460	437
March 20	12,240	— 30	33,560	105
April 17	12,570	334	33,700	139
May 15	12,550	— 17	33,750	45
June 19				

(1) An article on money stock was published in the March 1972 issue of *Economic Trends*.
(2) The break in series shown in the chart at March 1972 indicates the inclusion of five finance houses recognised or confirmed as banks in January 1972. For further details see *Financial Statistics, Notes and Definitions*, April 1973.
(3) See supplement to *Notes and Definitions* in *Financial Statistics*.

The stock of money

The breaks in the money stock series at December 1967, March 1972 and March 1973 show the effects of changes in contributors which are described in *Financial Statistics*. The break in the series for M_1 at December 1971 reflects additional statistical information and is explained in notes to Table 12 in the *Bank of England Quarterly Bulletin*, March 1972.

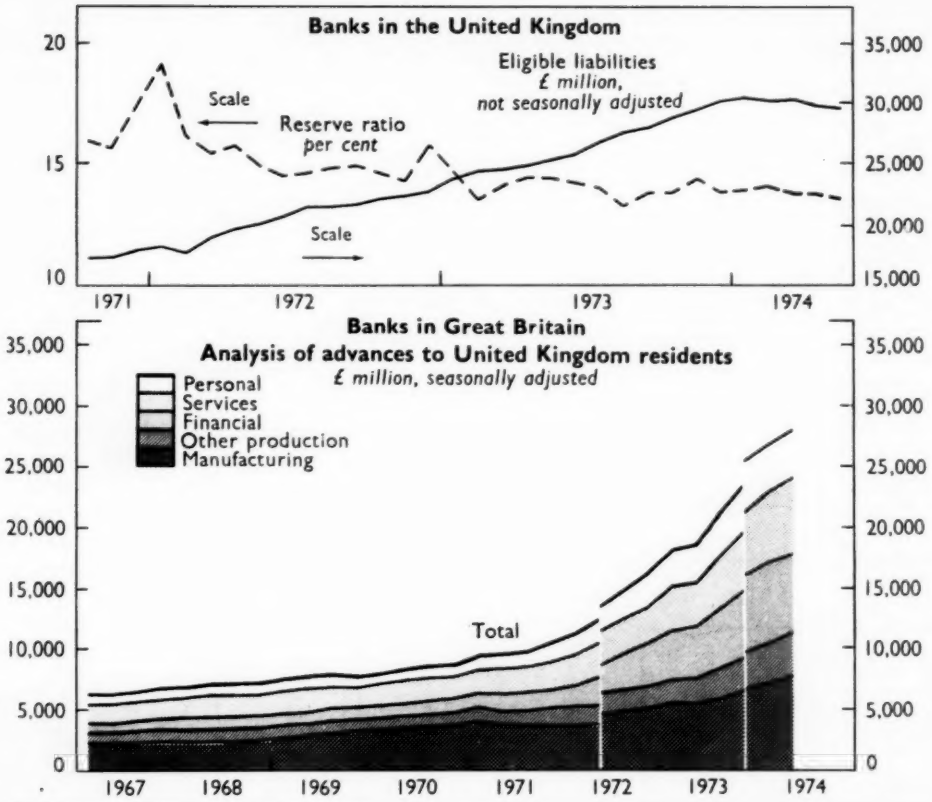


	Money stock (1)		Velocity of circulation (2)
	M_1	M_3 §	
	£ million, seasonally adjusted		
Amounts outstanding at end of period			
1970 March	8,650	16,410	2·963
June	8,960	16,980	3·028
September	9,060	17,390	2·995
December	9,380	17,840	3·012
1971 March	9,800	18,420	2·950
June	9,910	18,730	3·006
September	10,230	19,200	3·080
December	10,820	20,240	2·997
1972 March	11,230	21,210	2·861
June	11,290	21,620	
September	11,740	23,150	2·764
December	11,900	24,170	2·653
1973 March	12,380	25,930	2·624
June	12,430	27,430	2·647
September	12,430	27,410	
December	13,180	28,650	2·463
1974 March	12,850	30,980	2·424
June	13,100	33,190	2·269
September	12,840	34,210	
December			

(1) The estimates include allowance for wastage, hoarding, etc. of coin in circulation which is not incorporated in the changes shown in the chart and table on page 38. See also footnote on page 38.

(2) Ratio of GNP at current market prices seasonally adjusted expressed at an annual rate to the centred quarterly average of M_3 seasonally adjusted

Banking



Eligible liabilities, reserve ratio and special deposits

All banks in the UK have agreed to maintain at least 12½ per cent of their eligible liabilities (broadly, sterling deposits from outside the banking sector of two years or less *plus* any foreign currencies switched into sterling) in certain specified reserve assets (cash at the Bank of England and assets which the Bank would normally be prepared to convert into cash) and to place special deposits expressed as a percentage of eligible liabilities with the Bank when requested.

Analysis of advances to UK residents by banks in GB

The chart shows advances, in sterling and other currencies, by all banks in GB to UK residents, divided into five main categories. Funds placed in specialised financial markets (i.e. deposits with banks, local authorities and finance houses) are not included.

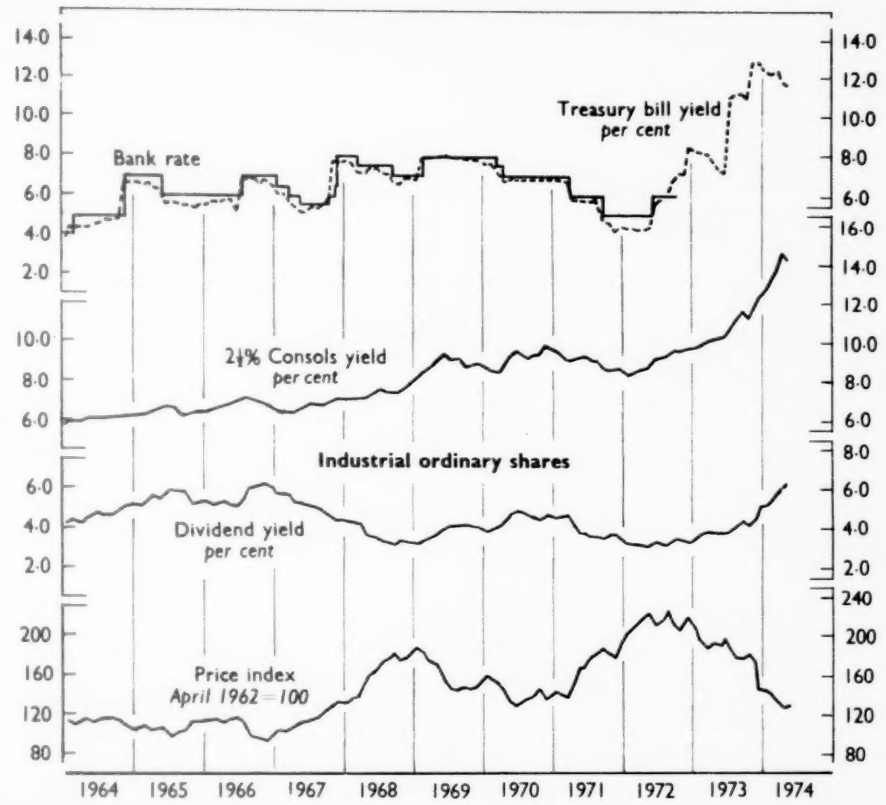
	Quarterly analysis of advances to United Kingdom residents by banks in Great Britain(1)							Banks in the United Kingdom		
	Total	Manufacturing	Other production	Financial	Services	Personal		Eligible liabilities	Reserve ratio	Special deposits(2)
	£ million, seasonally adjusted							£ million, not seasonally adjusted	Per cent	Per cent
Outstanding at mid-month							At mid-month			
1970 Feb. ..	7,947	3,249	1,006	969	1,838	885	1972 Oct. ..	22,093	14·6	—
May ..	8,248	3,483	1,049	976	1,811	929	Nov. ..	22,288	14·3	—
Aug. ..	8,648	3,676	1,087	1,016	1,883	986	Dec. ..	22,761	15·7	½
Nov. ..	8,801	3,782	1,102	1,055	1,859	1,003				
1971 Feb. ..	9,294	4,004	1,123	1,135	1,990	1,042	1973 Jan. ..	23,822(3)	14·6	3
May ..	9,409	3,814	1,154	1,283	2,055	1,103	Feb. ..	24,281	13·6	3
Aug. ..	9,684	3,801	1,193	1,358	2,120	1,212	Mar. ..	24,571(4)	14·1	3
Nov. ..	10,323	3,785	1,278	1,599	2,263	1,398	April ..	24,956	14·4	3
1972 Feb. ..	11,050	3,830	1,336	1,840	2,403	1,641	May ..	25,156	14·4	3
May(5)	12.411	3.880	1,485	2,421	2,643	1,982	June ..	25,727	14·2	3
	13,322	4,649	1,593	2,448	2,650	1,982	July ..	26,819	14·0	3
Aug. ..	14,941	4,937	1,718	3,017	2,906	2,362	Aug. ..	27,445	13·3	4
Nov. ..	16,133	5,047	1,888	3,397	3,180	2,622	Sept. ..	27,977	13·8	4
1973 Feb. ..	18,057	5,506	2,065	3,915	3,647	2,925	Oct. ..	28,778	13·8	4
May ..	18,527	5,490	2,162	4,258	3,509	3,108	Nov. ..	29,318	14·3	4
Aug. ..	21,127	5,949	2,375	4,908	4,490	3,405	Dec. ..	30,036	13·8	5
Nov.(1)	23,358	6,634	2,548	5,767	4,944	3,466				
	25,376	6,749	2,927	6,337	5,294	4,070	1974 Jan. ..	30,462	13·9	5
1974 Feb. ..	26,922	7,260	3,219	6,644	5,792	4,007	Feb. ..	30,138	14·1	4½
May ..	28,044	7,891	3,403	6,591	6,233	3,926	Mar. ..	30,145	13·8	4½
Aug. ..							April ..	29,935	13·8	3½
Nov. ..							May ..	29,644	13·6	3
							June ..			

(1) Advances made by the six finance houses recognised or confirmed as banks in January 1972 and January 1973 are only included from the second set of figures for November 1973. (2) Not yet applicable to banks in Northern Ireland. (3) Including for the first time banks in Northern Ireland; this increased eligible liabilities by £354 million. (4) Including figures for one finance house recognised as a bank in January 1973. (5) Before and after the transfer of £734 million of certain export and shipbuilding credits from 'sterling bills discounted' to 'advances to UK residents' and certain other upward revisions totalling £178 million.

Interest rates, security prices and yields

Bank rate (¹)

Date of change	New rate
1960 January 21	5
June 23	6
October 27	5½
December 8	5
1961 July 25	7
October 5	6½
November 2	6
1962 March 8	5½
March 22	5
April 26	4½
1963 January 3	4
1964 February 27	5
November 23	7
1965 June 3	6
1966 July 14	7
1967 January 26	6½
March 16	6
May 4	5½
October 19	6
November 9	6½
November 18	8
1968 March 21	7½
September 19	7
1969 February 27	8
1970 March 5	7½
April 15	7
1971 April 1	6
September 2	5
1972 June 22 to October 12	6



	Bank of England's minimum lending rate (¹)	Treasury bill yield	2½% Consols yield	Industrial ordinary shares	
	Last Friday			Yield	Price index
	Percentage				April 1962 = 100
1972 April	..	4·31	8·68	3·16	219·48
May	..	4·35	8·92	3·14	223·46
June	..	5·72	9·34	3·36	211·55
July	..	5·85	9·35	3·31	215·09
August	..	5·91	9·46	3·19	224·66
September	..	6·74	9·58	3·41	210·64
October	7½	7·01	9·59	3·50	206·76
November	7½	7·06	9·58	3·43	213·26
December	9	8·48	9·71	3·33	219·31
1973 January	8½	8·29	9·79	3·50	209·35
February	8½	8·23	9·89	3·82	193·47
March	8½	8·10	10·16	3·93	188·85
April	8¼	7·82	10·23	3·85	193·04
May	7½	7·33	10·34	3·87	191·66
June	7½	7·08	10·38	3·79	196·83
July	11½	11·20	10·84	4·06	185·22
August	11½	11·28	11·37	4·20	179·69
September	11½	11·25	11·60	4·48	177·52
October	11¼	10·96	11·31	4·15	182·90
November	13	12·85	11·89	4·40	173·77
December	13	12·82	12·38	5·28	145·37
1974 January	12½	12·40	12·79	5·29	144·94
February	12½	12·18	13·49	5·41	141·95
March	12½	12·35	13·84	5·85	132·89
April	12	11·82	14·61	6·10	128·27
May	11¾	11·54	14·11	6·32	129·15
June	..	..	..	..	..

(¹) With effect from 13 October 1972, the Bank's minimum lending rate to the market will normally be ½% higher than the average rate of discount for Treasury bills established at the weekly tender, rounded to the nearest ¼% above; the rate normally becomes effective, for lending by the Bank, from the following Monday.

Measures of variability of some major series included in *Economic Trends* (1)

	Page	Period covered	Average percentage changes			$\bar{I}/\bar{C}$	MCD or QCD	$\bar{I}/\bar{C}$ for MCD (or QCD) span
			$\overline{CI}$	$\bar{I}$	$\bar{C}$			
Quarterly series								
National income and components at 1970 prices								
GDP, factor cost								
Expenditure based	2, 28	1st quarter 1963 to 2nd quarter 1973	1·3	0·9	0·8	1·1	2	0·4
Income based	2	" " " " " " "	1·3	0·8	0·9	0·9	1	0·9
Output based	2	" " " " " " "	0·9	0·5	0·8	0·6	1	0·6
Average estimate	2	" " " " " " "	1·0	0·7	0·8	0·8	1	0·8
Consumers' expenditure	3	" " " " " " "	1·2	0·7	0·8	0·9	1	0·9
Fixed capital formation								
Total	4	" " " " " " "	2·4	1·6	1·4	1·2	2	0·5
Manufacturing industry	4, 12	" " " " " " "	3·1	1·9	2·1	0·9	1	0·9
Stockbuilding(2)								
Total	4, 16	" " " " " " "	*74·9*	*68·7*	*36·1*	1·9	2	0·7
Manufacturing	4, 16	" " " " " " "	*57·6*	*45·4*	*27·7*	1·6	2	0·6
Exports: goods and services	8	" " " " " " "	3·6	2·6	1·8	1·4	2	0·6
Imports: goods and services	8	" " " " " " "	2·8	1·9	1·7	1·2	2	0·5
Personal disposable income	3	" " " " " " "	1·5	1·0	0·9	1·1	2	0·4
Other national income series								
Income from employment	28	" " " " " " "	2·1	0·4	2·1	0·2	1	0·2
Gross trading profits of companies	28	" " " " " " "	3·9	2·6	2·5	1·0	2	0·4
Income from rent and self-employment	28	" " " " " " "	2·6	0·5	2·5	0·2	1	0·2
Other quarterly series								
Construction output	23	1st quarter 1969 to 4th quarter 1973	2·0	1·5	1·1	1·3	2	0·7
Money stock (M_3) (3)	39	1st quarter 1963 to 4th quarter 1972	2·6	0·5	2·1	0·2	1	0·2
Monthly series(4)								
Retail sales								
Total: current prices	11	January 1961 to August 1973	1·0	0·8	0·5	1·5	2	0·8
Total: constant prices	11	" " " " "	0·9	0·8	0·2	3·5	4	0·9
Food shops	11	" " " " "	0·6	0·6	0·1	3·9	5	0·9
Clothing and footwear shops	11	" " " " "	2·0	2·0	0·3	5·7	6	
Durable goods shops	11	" " " " "	1·6	1·4	0·7	2·1	3	0·7
Other non-food shops	11	" " " " "	1·0	1·0	0·4	2·7	3	0·9
Cars: new registrations	11	January 1954 to December 1972	7·2	6·5	2·5	2·6	4	0·7
Housing: public authorities(5)								
Starts	15	January 1956 to December 1973	11·9	11·7	1·4	8·2	6	
Completions	15	" " " " "	8·2	8·1	1·0	7·7	6	
Housing: private								
Starts	15	" " " " "	7·8	7·4	2·0	3·7	4	1·0
Completions	15	" " " " "	5·5	5·5	0·9	6·0	6	
Index of industrial production								
All industries	2, 18	January 1968 to December 1972	0·7	0·6	0·2	3·4	4	0·9
Manufacturing industries	2	" " " " "	0·8	0·7	0·3	2·8	3	1·0
Engineering and allied industries	18	" " " " "	1·2	1·2	0·3	4·0	5	0·8
Chemicals and allied industries	18	" " " " "	1·6	1·5	0·4	3·5	4	0·9
Textiles, leather and clothing industries	18	" " " " "	1·5	1·4	0·3	4·7	6	0·9
Crude steel production	21	January 1962 to April 1972	3·9	3·6	1·1	3·2	4	0·9
Passenger car production:								
Home market	22	January 1958 to December 1971	9·0	8·0	2·5	3·2	5	1·0
Export	22	" " " " "	8·3	7·6	2·2	3·4	4	0·9
Commercial vehicle production:								
Home market	22	" " " " "	7·9	7·4	1·6	4·7	6	
Export	22	" " " " "	7·5	7·3	1·6	4·8	5	0·9
Unemployed(6)	2, 26	January 1961 to December 1973	*11·5*	*4·5*	*10·4*	0·4	1	0·4
Vacancies notified to Employment Offices(6)	3, 26	" " " " "	*5·6*	*2·5*	*5·0*	0·5	1	0·5
Average earnings	3, 29	January 1963 to December 1972	0·8	0·4	0·7	0·6	1	0·6
Exports: value, f.o.b.	31	January 1957 to December 1971	3·7	2·7	0·8	3·4	4	0·8
Imports: value, c.i.f.	31	" " " " "	2·9	1·8	0·8	2·3	3	0·7

(1) For a complete description of these measures see article 'Measuring variability in economic time series' in the August 1972 issue of *Economic Trends*. The following are brief definitions of the measures.

$\overline{CI}$ is the average month to month (quarter to quarter for quarterly series) percentage change without regard to sign, in the seasonally adjusted series.

$\bar{C}$ is the same for the trend component, a smooth flexible moving average of the seasonally adjusted series.

$\bar{I}$ is the same for the irregular component, obtained by dividing the trend component into the seasonally adjusted series, except for those series which are seasonally adjusted using an additional model, see footnotes (2), (3) and (5).

$\bar{I}/\bar{C}$ is therefore a measure of the size of the relative irregularity of the seasonally adjusted series.

The average changes $\bar{I}$ and $\bar{C}$ can also be computed successively over spans of increasing numbers of months (quarters). MCD (QCD), months (quarters) for cyclical dominance, is the shortest span of months (quarters) for which $\bar{I}/\bar{C}$ is less than 1 and therefore represents the minimum period over which changes in the trend are, on average, greater than the irregular movement.

(2) The figures in the table were obtained from an additive analysis of stock changes so $\overline{CI}$, $\bar{I}$ and $\bar{C}$ are not percentage changes but differences in units of £ million. At present seasonal adjustment of the published stocks series is done multiplicatively on the level of stocks.

(3) Although the series is seasonally adjusted additively the figures for $\overline{CI}$, $\bar{I}$ and $\bar{C}$ are presented as percentages of the level of the trend in the preceding quarter.

(4) Series are included in this section if they are normally published in monthly form. For some of these series only short runs of monthly figures are given in *Economic Trends*, and in some cases they are given only as quarterly averages. Reference should be made in these cases to the *Monthly Digest of Statistics*, which contains most of them, or to the original sources.

(5) Series relate to Great Britain, though variability measures calculated from England and Wales component.

(6) The seasonal adjustment is additive, so the figures for $\overline{CI}$, $\bar{I}$ and $\bar{C}$ are not percentage changes but differences in units of thousands.

INDEX OF SOURCES

	Page	*Source*	*Further statistics*
Balance of payments	5, 36, 37	Central Statistical Office	Financial Statistics Quarterly articles in Economic Trends
Bank advances (see Banking)			
Banking		Bank of England	Financial Statistics
United Kingdom banking sector: change in deposits and lending	5		
Analysis of bank advances	40		
Eligible liabilities, reserve ratio and special deposits	40		
Bank rate, etc. (see Interest rates, etc.)			
Building materials (see Construction)			
Car registrations (see Motor vehicles)			
Coal (see Fuel and power consumption)			
Consols (see Interest rates, etc.)			
Construction		Department of the Environment	Housing and Construction Statistics
Orders received and output	4, 23		
Production of bricks, cement, etc.	23	Central Statistical Office	Monthly Digest of Statistics
Consumers' expenditure	3	Central Statistical Office	Monthly Digest of Statistics
In relation to GDP	8		
In relation to personal income and borrowing	9		
Selected components	10		
Domestic credit expansion	5	Bank of England Central Statistical Office	Financial Statistics
Earnings (average)		Department of Employment	Monthly Digest of Statistics Department of Employment Gazette
All employees	3, 29		
Salary and wage earnings in relation to wage rates and retail prices	7, 29		
In relation to output and prices (manufacturing industry)	30		
Electricity (see Fuel and power consumption)			
Eligible liabilities and reserve ratio (see Banking)			
Employed labour force	2	Central Statistical Office	
Employment		Department of Employment	Monthly Digest of Statistics Department of Employment Gazette
Vacancies notified to Employment Offices	26		
Exports			
Of goods and services, in relation to GDP	8	Central Statistical Office Department of Trade	Monthly Digest of Statistics
Of goods	6	Department of Trade	Monthly Digest of Statistics Trade and Industry Financial Statistics
In relation to balance of payments	36		
In relation to imports, unit values and terms of trade	31		
Analysis by destination	32		
Analysis by commodity classes	33		
In relation to world markets (manufacturers)	35		
Volume	5		
Fixed investment	4	Central Statistical Office	Monthly Digest of Statistics
In relation to GDP	8	Central Statistical Office	Monthly Digest of Statistics
By sectors and selected industries	12	Department of Industry	Trade and Industry
Manufacturing industry			
Investment cycles; Department of Industry Intentions Inquiry	13	Department of Industry	Trade and Industry
CBI Intentions Inquiry	14	Confederation of British Industry	Industrial Trends Survey Monthly Digest of Statistics
In plant and machinery, new building and works	14		
Contractors' orders for private industrial work	14	Department of the Environment	Housing and Construction Statistics
Dwellings (see Housing)			
Fuel and power consumption (inland)	24	Department of Energy	Monthly Digest of Statistics United Kingdom Energy Statistics

	Page	Source	Further statistics
Gas (see Fuel and power consumption)			
Gross domestic product	2	Central Statistical Office	Monthly Digest of Statistics
And components of final expenditure	8		
In relation to stocks	5, 17		
In relation to incomes	28		
Hire purchase borrowing	4	Department of Industry	Monthly Digest of Statistics; Trade and Industry; Financial Statistics
In relation to personal income and expenditure	9		
Hours worked		Department of Employment	Monthly Digest of Statistics; Department of Employment Gazette
In relation to unemployment	26		
Housing		Central Statistical Office; Department of the Environment; Scottish Development Department; Department of Housing, Local Government and Planning (Northern Ireland)	Monthly Digest of Statistics; Housing and Construction Statistics
Numbers started and completed, contractors' orders for new houses, fixed investment in dwellings	15		
Imports			
Of goods and services, in relation to GDP	8	Central Statistical Office; Department of Trade	Monthly Digest of Statistics
Of goods	6	Department of Trade	Monthly Digest of Statistics; Trade and Industry; Financial Statistics
In relation to balance of payments	36		
In relation to exports, unit values and terms of trade	31		
Analysis by commodity classes	34		
Of industrial materials, in relation to production and stock changes (manufacturing industry)	20		
Volume	5		
Incomes		Central Statistical Office	Monthly Digest of Statistics
Personal disposable income at 1963 prices	3		
Personal disposable income in relation to expenditure and borrowing	9		
Income from employment, income from rent and self-employment, gross trading profits of companies, in relation to GDP	28		
Earnings and wage rates	3, 7, 29	Department of Employment	Monthly Digest of Statistics; Department of Employment Gazette
Interest rates, security prices and yields		Bank of England; Financial Times; Institute of Actuaries; Faculty of Actuaries	Monthly Digest of Statistics; Financial Statistics
Bank rate, Bank of England's minimum lending rate, Treasury bill yield, 2½% Consols yield; industrial ordinary shares, prices and yields	41		
Investment intentions (see Fixed investment)			
Money stock	5, 38, 39	Bank of England; Central Statistical Office	Financial Statistics
Velocity of circulation	39	Central Statistical Office	Financial Statistics
Motor vehicles			
New registrations of cars	4, 7, 11	Department of the Environment; Department of Industry	Monthly Digest of Statistics
Production	22	Department of Industry	Monthly Digest of Statistics; Trade and Industry
Oil fuel (see Fuel and power consumption)			
Orders received			
Engineering industries	4, 25	Department of Industry	Monthly Digest of Statistics; Trade and Industry
Textiles industry	25		
Made-up clothing industry	25		
Merchant shipbuilding	25		Monthly Digest of Statistics
Contractors		Department of the Environment	Monthly Digest of Statistics
For private industrial work, in relation to fixed investment (manufacturing industry)	14		Housing and Construction Statistics
For new houses, in relation to fixed investment	15		
New construction	4, 23		
Output per head	2	Central Statistical Office	Monthly Digest of Statistics
In relation to production and prices (manufacturing industry)	30		

	Page	*Source*	*Further statistics*
Production, industrial: index	2, 6, 18	Central Statistical Office	Monthly Digest of Statistics
By selected industries	18		
Production cycles	19		
In relation to stocks (manufacturing industry)	5, 17		
In relation to imports of industrial materials (manufacturing industry)	20		
In relation to output per head, wages and salaries per unit of output and prices (manufacturing industry)	30		
Bricks, cement, etc.	23		
Profits (see Incomes)			
Public authorities' consumption		Central Statistical Office	Monthly Digest of Statistics
In relation to GDP	8		
Rent (see Incomes)			
Retail prices: index	3, 7	Department of Employment	Monthly Digest of Statistics; Department of Employment Gazette
In relation to earnings and wage rates	29		
Retail sales		Department of Industry	Monthly Digest of Statistics; Trade and Industry
Volume	4, 7, 11		
Value	7, 11		
Salaries (see Earnings)			
Savings ratio, personal	3	Central Statistical Office	Monthly Digest of Statistics
Securities (see Interest rates, etc.)			
Special deposits by banks (see Banking)			
Steel			
Production, consumption and stocks	21	Department of Industry	Iron and Steel Monthly Statistics (1)
Stocks		Central Statistical Office; Department of Industry	Monthly Digest of Statistics; Trade and Industry
Total stock changes in relation to GDP	4, 8		
Stock changes: total, manufacturing, distribution	4, 16		
Stock/output ratios (total stock level in relation to GDP; manufacturing stock level in relation to manufacturing output)	5, 17		
Manufacturing stock changes in relation to imports of industrial materials	20		
Terms of trade	3, 31	Department of Trade	Monthly Digest of Statistics; Trade and Industry
Treasury bills (see Interest rates, etc.)			
Unemployment		Department of Employment	Monthly Digest of Statistics; Department of Employment Gazette
Total unemployment	2, 6, 26		
Production industries	26		
Unemployment cycles	27		
Unfilled vacancies (see Employment)			
Unit values of exports and imports	3, 31	Department of Trade	Monthly Digest of Statistics; Trade and Industry
Wage rates (basic hourly)	3	Department of Employment	Monthly Digest of Statistics; Department of Employment Gazette
Wage rates (weekly)		Department of Employment	Monthly Digest of Statistics; Department of Employment Gazette
In relation to earnings, output and retail prices	29		
Wages and salaries per unit of output	2, 29, 30	Central Statistical Office; Department of Employment	Monthly Digest of Statistics
Wholesale prices		Department of Industry	Monthly Digest of Statistics; Trade and Industry
Basic materials and fuel purchased by manufacturing industry	3		
Output; all manufactured products	3		
In relation to production, output per head and wages and salaries per unit of output (manufacturing industry)	30		

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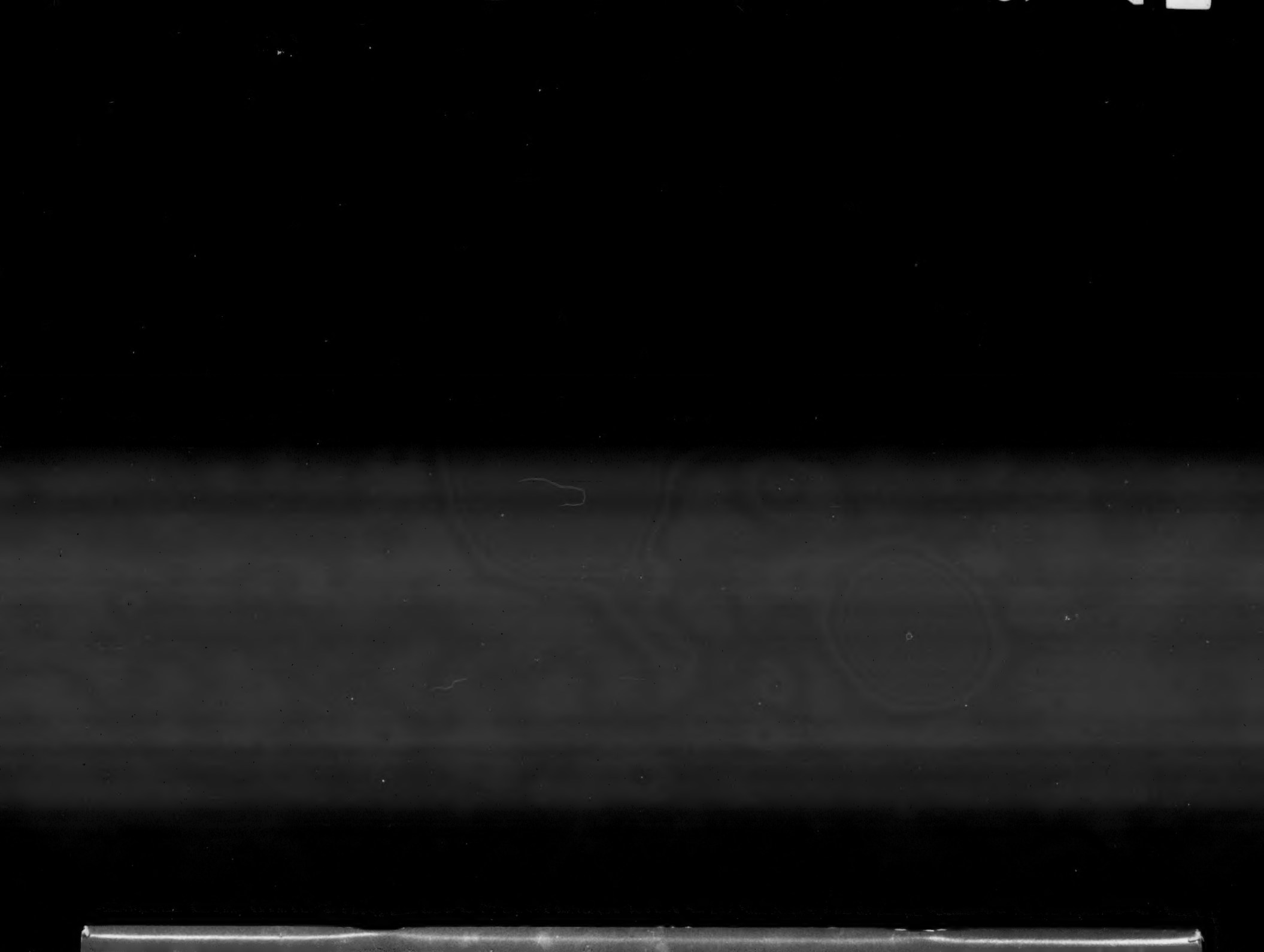
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